

**Strategic capacity in post devolution government in the UK:
A comparative analysis of the lifecycle of central strategy
units**

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Declaration

I declare that:

- 1 I am the sole author of this thesis
- 2 This thesis is all my own work
- 3 This thesis has not been submitted for any other degree or professional qualification

Signed:

Dated:

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Abstract

This thesis analyses the changing role of central government strategy units in the devolved UK polity using a lifecycle model. At each stage of the lifecycle the units develop a different aim, undertake different tasks and follow different working approaches. At different stages agency, in the person of the Prime/First Minister, existing structures, or culture and attitudes, particularly around the concept of a corporate centre, form the main influence on change. Following through the lifecycle, it becomes apparent that such central strategic units have a defined life trajectory tending towards their demise through bureaucratic capture or ideological marginalisation. Divergence or convergence between the units is primarily based on leadership style rather than pre-existing structures or constitutional arrangements.

Adopting a lifecycle approach, more commonly associated with the business world, provides an alternative conceptual approach to examining the maintenance of governmental organisations. It is a logical progression from the borrowing of business ideas on management and organisation generally categorised as New Public Management. It provides a more appropriate framework of analysis in a situation whereby government is less dependent on traditional polarised ideological positions and instead adopts a strategic, managerial approach to government. As governmental organisations copy the modes of operation of large corporations, the tools of the business world add additional insights into formation, development, change and decline in such organisations not clearly revealed by more commonly adopted political science models.

Contents

1	INTRODUCTION	1
1.1	TOPIC OF RESEARCH	1
1.2	CENTRAL STRATEGY DEVELOPMENT STRUCTURES.....	4
1.3	AIMS AND OBJECTIVES OF THE RESEARCH.....	7
1.4	STRATEGY AND POLICY	8
1.5	GOVERNMENT LIFECYCLE	12
1.6	RESEARCH DESIGN AND METHODOLOGY	15
1.6.1	<i>The philosophical position underlying this research.....</i>	<i>15</i>
1.6.2	<i>An outline of the research approach.....</i>	<i>16</i>
1.6.3	<i>Case study design.....</i>	<i>16</i>
1.6.4	<i>Data collection</i>	<i>19</i>
1.6.5	<i>Triangulation</i>	<i>25</i>
1.6.6	<i>Analysing data</i>	<i>25</i>
1.6.7	<i>Feedback.....</i>	<i>26</i>
1.7	SUMMARY OF ARGUMENT.....	27
1.8	THE STRUCTURE OF THIS THESIS	27
1.8.1	<i>A theoretical review.....</i>	<i>27</i>
1.8.2	<i>A historical review</i>	<i>28</i>
2	UNDERSTANDING THE DEVELOPMENT OF CPSC IN THE UK	30
2.1	INTRODUCTION.....	30
2.2	WHAT IS THE PURPOSE OF CPSC?.....	32
2.3	WHAT IS CPSC?.....	34
2.3.1	<i>Overview.....</i>	<i>34</i>
2.3.2	<i>Reducing uncertainty</i>	<i>34</i>
2.3.3	<i>Developing creativity.....</i>	<i>36</i>
2.3.4	<i>Collective learning.....</i>	<i>36</i>
2.3.5	<i>Fire-fighting.....</i>	<i>37</i>
2.3.6	<i>Adding CPSC to the lifecycle framework.....</i>	<i>37</i>
2.4	HOW DO INSTITUTIONS FORM AND CHANGE?	38
2.5	FACTORS INFLUENCING THE DEVELOPMENT OF CPSC	40
2.5.1	<i>Lessons from history.....</i>	<i>40</i>

2.5.2	<i>Devolution and models of administration</i>	48
2.6	CONCLUSION	52
2.7	DEVELOPING RESEARCH QUESTIONS AND HYPOTHESES.....	53
3	CENTRALISED POLICY-MAKING IN WHITEHALL – DEVELOPING STRATEGIC CAPABILITY	56
3.1	INTRODUCTION.....	56
3.1.1	<i>Background</i>	56
3.1.2	<i>Developing the Core Executive</i>	56
3.1.3	<i>The location of CPSC</i>	57
3.1.4	<i>Developing an analytical framework</i>	58
3.1.5	<i>Structure of this chapter</i>	58
3.2	AIMS AND OBJECTIVES OF THE PIU, FSU AND PMSU	59
3.2.1	<i>The PIU, FSU - the early days</i>	59
3.2.2	<i>The PMSU and its development</i>	62
3.2.3	<i>Relationships with the Number 10 Policy Directorate</i>	65
3.3	STAFFING	67
3.3.1	<i>Overall staffing arrangements</i>	67
3.3.2	<i>Heading up the unit</i>	70
3.3.3	<i>The use of secondments</i>	71
3.3.4	<i>The role of SAs and the work of Lord Birt</i>	74
3.3.5	<i>Staffing in the departmental units</i>	76
3.3.6	<i>The impact of staffing decisions</i>	77
3.4	BUDGETS.....	77
3.5	OUTPUTS.....	78
3.6	IMPACT OF THE UNITS	87
3.7	THE TRAJECTORY OF THE LIFECYCLE	91
4	CENTRALISED POLICY-MAKING IN SCOTLAND – FROM THE POLICY UNIT TO THE STRATEGY AND DELIVERY UNITS	96
4.1	BACKGROUND	96
4.1.1	<i>Introduction</i>	96
4.1.2	<i>The creation and strengthening of the Core Executive</i>	97
4.1.3	<i>The source of CPSC</i>	100
4.1.4	<i>Developing policy capacity</i>	100
4.1.5	<i>Coalition government</i>	101

4.1.6	<i>The role of SAs</i>	102
4.1.7	<i>The structure of this chapter</i>	102
4.2	VERSION ONE – THE DEWAR ERA	102
4.2.1	<i>The creation of the MGSSU</i>	102
4.2.2	<i>The aims and objectives of the Policy Unit</i>	103
4.2.3	<i>Staffing</i>	104
4.2.4	<i>Budgets</i>	107
4.2.5	<i>Output</i>	107
4.2.6	<i>Liaison with other parts of the UK</i>	108
4.2.7	<i>Impact of the unit</i>	108
4.3	VERSION TWO – MCLEISH	110
4.3.1	<i>An abrupt change</i>	110
4.3.2	<i>A new role for the PU</i>	110
4.3.3	<i>A changing scenario</i>	111
4.3.4	<i>Output of the PU</i>	112
4.3.5	<i>Impact of the PU</i>	112
4.4	VERSION THREE – MCCONNELL AND ELVIDGE	112
4.4.1	<i>Introduction</i>	112
4.4.2	<i>The new SU</i>	114
4.4.3	<i>Role, aims and objectives of the SU</i>	115
4.4.4	<i>Staffing</i>	118
4.4.5	<i>Outputs</i>	119
4.4.6	<i>Success of the unit</i>	121
4.4.7	<i>Relationships with outsiders</i>	122
4.4.8	<i>Financial Resources</i>	123
4.5	THE TRAJECTORY OF THE LIFECYCLE	124

5 CENTRALISED POLICY-MAKING IN WALES, A DIFFERENT

APPROACH?.....130

5.1	BACKGROUND	130
5.1.1	<i>Introduction</i>	130
5.1.2	<i>The establishment of the National Assembly of Wales</i>	131
5.1.3	<i>Structuring the centre</i>	132
5.1.4	<i>The location of CPSC</i>	133
5.1.5	<i>Welsh policy-making capacity</i>	134
5.1.6	<i>The strategic agenda</i>	135

5.1.7	<i>Outline of the rest of this chapter.....</i>	137
5.2	AIMS AND OBJECTIVES	138
5.2.1	<i>The initial establishment of the unit</i>	138
5.2.2	<i>Post coalition – delivering the work programme</i>	141
5.2.3	<i>Development of responsibilities post 2003 election</i>	142
5.2.4	<i>The last stage of development</i>	145
5.3	STAFFING	146
5.4	BUDGET.....	148
5.5	OUTPUT.....	149
5.6	IMPACT	150
5.7	RELATIONSHIPS WITH UK STRATEGY UNITS.....	151
5.8	THE TRAJECTORY OF THE LIFECYCLE	152
6	NORTHERN IRELAND - CPSC WITH CONSTITUTIONAL UNCERTAINTY.....	157
6.1	BACKGROUND	157
6.1.1	<i>Introduction</i>	157
6.1.2	<i>Creating central structures</i>	158
6.1.3	<i>The OFMDFM.....</i>	159
6.1.4	<i>Structure of this chapter</i>	162
6.2	THE AIMS AND OBJECTIVES OF THE EPU AND PIU	162
6.2.1	<i>Up to suspension</i>	162
6.2.2	<i>Post suspension.....</i>	165
6.3	STAFFING AND RESOURCING	171
6.4	THE IMPACT OF THE UNIT	173
6.5	RELATIONSHIPS WITH THE REST OF THE NICS AND THE OTHER UK SUs	180
6.6	THE TRAJECTORY OF THE LIFECYCLE	181
7	OVERALL CONCLUSIONS	186
7.1	BACKGROUND	186
7.2	STRUCTURE OF THE CHAPTER.....	187
7.3	THE LIFECYCLE OF CPSC.....	187
7.3.1	<i>Introduction</i>	187
7.3.2	<i>The Creation phase.....</i>	188
7.3.3	<i>The Restructure phase.....</i>	190
7.3.4	<i>The Institutionalise phase.....</i>	192

7.3.5	<i>The Reinvention phase</i>	193
7.3.6	<i>Conclusion</i>	194
7.4	RESPONDING TO THE RESEARCH QUESTIONS	195
7.4.1	<i>Introduction</i>	195
7.4.2	<i>Why have administrations in all parts of the UK opted to establish CPSCUs: amongst other factors is the role of leadership dominant?</i>	195
7.4.3	<i>What are the functions of CPSCUs?</i>	197
7.4.4	<i>What arrangements have each of the administrations under review put in place for CPSC?</i>	198
7.4.5	<i>How does CPSC operate compared to other parts of government?</i>	200
7.4.6	<i>How can CPSCUs survive?</i>	202
7.5	REVIEWING THE RESEARCH HYPOTHESES	204
7.6	APPLYING NEW APPROACHES TO MOVE BEYOND NPM	206
7.7	LOOKING TO THE FUTURE	208
7.7.1	<i>The future of strategy and the strategists</i>	208
7.7.2	<i>Political developments</i>	209
7.7.3	<i>Research possibilities</i>	210
	BIBLIOGRAPHY	212
	APPENDIX 1 GLOSSARY	227
	APPENDIX 2 – CHRONOLOGY OF STRATEGY UNIT FORMATION AND DEVELOPMENT	229
	APPENDIX 3 – MEETINGS WITH HEADS OF DEPARTMENT	230

Tables and figures

Table 1: Developing strategy	9
Table 2: Lifecycle analysis	12
Table 3: Creating a government lifecycle model	14
Table 4: Creating an analytical table	15
Table 5: The realism paradigm	15
Table 6: How this research design meets criteria of validity	19
Table 7: Mapping government aims onto the lifecycle.....	33
Table 8: Adding the contribution of the Strategic Unit	38
Table 9: Change mechanisms over the lifecycle	40
Table 11: A summary of the analytical framework for the empirical chapters	53
Table 12: Staff numbers.....	68
Table 13: Analysis of staffing by origin 1999-2005.....	72
Table 14: PIU, FSU, PMSU published outputs 1999 – 2006 (to end August)	79
Table 15: Published reports of the PIU, FSU, and PMSU as at September 2006....	82
Table 16: Non PIU/PMSU reports 1999-2006	84
Table 17: The current positioning of the Whitehall CPSC within the lifecycle	91
Table 18: Organisation chart of the Office of the Permanent Secretary.....	98
Table 19: PU staffing 2000	104
Table 20: SU aims and objectives – July 2005.....	115
Table 21: Positioning of the Scottish CPSC within the lifecycle.....	124
Table 22: Mentions of Strategic Policy Unit in local newspapers.....	150
Table 23: Positioning of the Welsh CPSC within the lifecycle.....	152
Table 24: Performance targets relevant to the PIU	174
Table 25: Policy Innovation Unit targets for 2004-05.....	176
Table 26: Policy Innovation Unit targets for 2005-06.....	177
Table 27: Likely PIU targets for 2006-07	178

Table 28: Mentions of the economic policy unit in the main Belfast newspapers...	179
Table 29: Progression of the lifecycle pre-suspension	182
Table 30: Positioning of the NI CPSC within the lifecycle under direct rule	184
Figure 1: No. of FTEs in departments	77
Figure 2: Mentions of the 'Strategy Unit' between February 2002 and February 2006.....	88
Figure 3: The current position of CPSC	188

1 Introduction

1.1 *Topic of research*

The New Labour project was initially premised on a '*command and control*' strategy for Whitehall (Rose, 2001:39). This was clearly described in Mandelson and Liddle's (1996) recipe for New Labour which required Prime Minister Blair to gain personal control of the central government machine. Blair summarised his intentions pre-election in 1997: 'People have to know that we will run from the centre and govern from the centre' (PM to the Newspaper Society in March 1997 quoted by Hennessy (2000) amongst others). Early commentators on the office of the PM under New Labour, such as Foley (2000) and Smith (1999) note the strengthening of the centre of government to facilitate control over the formulation of strategy for the whole of government. One of the resources which confer power within the concept of a core executive model is the organisation of central policy analysis or strategy development (Smith (1999), Marsh, Smith and Richards (2003), Rhodes, (2000)), yet this is a relatively under-analysed area.

This emphasis on centralisation contrasts with the freedoms offered by devolution post 1999. Within the UK, the Devolved Administrations (DAs) are, in theory, free to develop their own institutional arrangements to deal with the development and delivery of policy. Pre-devolution, policy development structures and skills were underdeveloped in the DAs due to their relationship with the Whitehall machine; hence the new administrations could not simply follow a pre-devolution model. Devolution rhetoric was premised on a more inclusive, less confrontational approach to politics, based on cross party collaborative and partnership approaches to policy-making. The structures to underpin such approaches would tend towards a less hierarchical and more decentralised approach, so the scene was set for the creation of new institutions within the DAs. However, the new administrations were faced with the problems of co-ordination and joining-up that exercised Whitehall, but were not previously part of the pre-devolution political landscape. Hence, there was also a push towards centralisation in an attempt to exercise co-ordination. Roles, responsibilities and relationships between the component parts of the Executive and the wider UK, had to be negotiated and rules of engagement codified; a process that tended towards centralisation. Finally, the new administrations suffered problems of credibility and confidence, and strong leadership bolstered by centralised control was seen as one response to that problem. Overall, the factors driving the DAs towards to diversity and divergence of structural design appeared to be outweighed by those which promoted the adoption of a similarly centralising

approach at the core of each of the DAs and the need for a centralised policy analysis or strategy development capacity to build the power resources of the new First Ministers (FMs).

This developing situation presents a challenge to try and understand the factors impacting on the creation, operation and transformation of organisational structures for central policy analysis. Hence, this research is about Central Policy and Strategy Capacity (CPSC) in the UK post devolution. Its purpose is to undertake empirical research to produce an analysis of the structures and resources devoted to CPSC, and of its successes and failures. It adopts a theoretical framework drawing from organisational and political literature to best explain the operation of the factors influencing CPSC. It uses a comparative perspective to help explain the relative influence of different explanatory factors in different circumstances at different stages of the organisational and governmental lifecycles within the UK. Lifecycle analysis is used to form the analytical framework for this research as it appears to best match the definition of strategy adopted in this thesis; to offer a dynamic approach to understanding change; and to best explain why different approaches and influences operate at different stages within the organisational and governmental lifecycle.

This research arose from personal interest in this area gained through experience obtained while working in the Prime Minister's Strategy Unit (PMSU), formerly the Performance and Innovation Unit (PIU), in the Cabinet Office in Whitehall¹. A review of the literature at that time indicated that there was a lack of up to date, post devolution, explanatory research in this area. Existing research deals with structures pre-New Labour (for example, Blackstone and Plowden, 1988) or focuses on units with a specific policy objective, such as the Social Exclusion Unit (for example Flinders, 2002). While some descriptive accounts of CPSC are available (for example Sanderson, 2002) these tend to be lacking in explanation particularly in relation to the creation and demise of such units. Given the many developments in CPSC since New Labour came to power it seems that the time is right for such explanatory research².

There are other wider reasons why such research is helpful at this time. New Labour has adopted the concept of evidence-based or evidence-informed policy as an alternative to more traditional ideological perspectives. Stoker (1999) argues that, within this context, objective

¹From April 2001 until Sept 2002 the author worked as a project manager in the PMSU devising national workforce development and sports policy.

²Since commencing work on this PhD others appear to share this view. The Public Administration Committee of the House of Commons in late 2005 opened an enquiry, *Governing the Future* into the place of strategy and planning in government and called the current Director and the previous Director

policy analysis may add credibility to policy development. This appears to presuppose a return to rationality with all its attendant difficulties. Hence the need to understand and critique methods of policy analysis assumes a greater importance. This includes gaining a better understanding of 'strategy', the structures established for strategy development and what this means for government. The increasing use of bilateralism as noted by, for example, Burch and Holliday (1996) has reduced the importance of collegiate Cabinet discussions and thus could be said to act as a disincentive to the widespread sharing of information across departmental boundaries, possibly increasing the need for a set of rules or some strategic framework to guide departmental decision-making. In addition, No.10 increasingly requires departments to report and agree policy initiatives at an early stage. In both of these situations, the PM can only respond if he has his own sources of information.

The PM may prefer not to rely on the briefings provided by departments of state with their own departmental and ministerial agendas. Campbell and Wilson (1995:77) noted that

'Some problems are too massive and too inadequately understood to lend themselves to the type of intuitive decision making that has become the hallmark of executive leadership in the neo-liberal era'.

New Labour identified the need to deal with complexity by attempting to join-up policy thinking in order to increase understanding and to improve policy delivery. However an aspiration to joined-up government is unlikely to be fulfilled unless incentives are put in place to encourage joined-up methods of working. Without such incentives, the government may resort to centralisation and the centre may intervene by using CPSC to cut across departmental boundaries and rivalries.

A feature of New Labour's approach has been a willingness to continue to engage with the private sector and an ongoing engagement with private sector practices and ideas. This has led to the increasing use of outsiders from the private sector and others as part of the policy analysis resource. This has extended to the regular secondment or employment of outsiders with private sector backgrounds within CPSC structures alongside or leading civil servant teams. This has been noted and often derided, by political journalists in particular, but its impact on the process and outcomes of strategy development and subsequent government policy has yet to be objectively evaluated.

The above issues also need to be addressed by the DAs. The DAs are subject to the same problems and tensions experienced by Whitehall and Westminster albeit on a different scale.

of the PMSU as early witnesses. In addition the Bertelsmann Foundation has recently funded comparative research on strategy and structures for strategy development in government.

In addition they face issues deriving from the relative newness and incompleteness of the devolution project, public expectations, push-pull pressures for convergence or divergence and the lurking issue of nationalism. Within this context is it equally important for FMs to have CPSC despite the smaller scale of operations. Does the creation of CPSC assist in developing convergent or divergent responses to policy problems and how does this impact on the development of devolution generally?

This chapter sets the scene for the research in a number of ways. It starts off by describing the central structures put in place for strategy development. It then outlines the aims and objectives of the research. This is followed by an examination of the definitions of strategy and policy to clarify how government interprets these, often contested, terms. The next part of the chapter contains an exploration of the concept of lifecycle which provides the basis for the analytical framework used in this thesis. The research methodology is then described. Finally a summary of the argument is presented and a guide to the rest of the thesis provided.

1.2 Central strategy development structures

Within each part of the devolved UK polity, the growth in CPSC is notable. Just as noteworthy is the nature of this CPSC which, in Whitehall, Scotland and Wales³, has been subject to almost constant change in terms of structures, objectives and staffing.

Defining CPSC is complicated in the UK by the absence of one identifiable centre. The core executive in UK government is commonly considered to consist of: No.10 Downing Street; the Cabinet Office; and the Treasury, all of whom house CPSC⁴. The PM's office contains a Policy Directorate, the Cabinet Office houses a number of central policy units such as the Prime Minister's Strategy Unit (PMSU), the Prime Minister's Delivery Unit (PMDU) and, until early 2006, the Office of Public Services Reform (OPSR)⁵. The Treasury operationalises its capacity through the spending review process, producing Public Service Agreements and acting as the leader in a number of cross-cutting reviews, and has recently absorbed the Government Social Research Unit (previously the Office of the Chief Social Researcher based in the PMSU). Such a duplication of analytical capacity is not necessarily problematic as noted by Hennessy (2000:555).

³ The situation in Northern Ireland is somewhat different and will be discussed in the relevant chapter.

⁴ Smith's (1999:5) suggestion that spending departments should be included in the core executive is too inclusive to provide a useful concept for analysis.

⁵ Interestingly, until early 2006 the PMSU and the OPSR could be accessed through prominent links on the No.10 Downing Street website which, at the time of writing seem to have disappeared.

‘a plurality of analytical capacities is compatible with proper Cabinet government and the range of them can and should be determined by prime ministerial style and ways of working’.

However it leaves the government with the task of co-ordinating these ‘centres’, producing coherent policy proposals and balancing the power of No.10 Downing Street and the Treasury, while working with the individual spending departments. The Cabinet Office is increasingly being used by the PM to act as a ‘*corporate headquarters*’ (Rose, 2001:42) with a central policy development role activated through its multiplicity of units. Indeed the first objective of the Cabinet Office listed in the 2004 Spending Review is to ‘*support the Prime Minister in leading the Government*’ (HM Treasury 2004). In this context it ceases to serve the Cabinet but instead becomes another part of the PM’s resource. An example of this is the use of the PMSU as a horizontal co-ordinating structure working alongside the Policy Directorate in No.10 to create a corporate resource primarily supporting the PM.

In Scotland, an attempt to overcome the fragmentation of the centre can be seen in the development since 2003 of the Office of the Permanent Secretary (OPS), containing the Analytical Services Group, the Ministerial Support Group, the Performance and Innovation Unit and the Change and Corporate Services Group within the Scottish Executive (SE). The focal point for strategy development is the Strategy Unit (SU), which until late 2005 shared a head with the Delivery Unit (DU)⁶. Both of these units are based within the Ministerial Support Group. This new department is *de facto* a Scottish Cabinet Office or an Office of the First Minister (combining the role of No.10 Downing Street and the Cabinet Office) although for political reasons it does not bear either of these titles. This appears to represent a move towards a corporate HQ model containing a corporate executive, which is aimed at overcoming previous models of administration which could be described at best as a federal system with departmental autonomy, or at worst as a baronial model with an accompanying silo mentality. This sense of a corporate headquarters is operationalised through the corporate management board chaired by the Permanent Secretary, the stated purpose of which is to develop a sense of collective responsibility for the governance of the SE as a whole. While finance and elements of public sector reform (primarily geared towards the wider public sector) are based outwith the remit of the OPS, in the finance and central service department, this does not lead to an alternative centre of strategy development given the rather administrative role of the finance function and the remaining central services.

⁶ During the fieldwork period of this research the head of the SDUS in Scotland was Sarah Smith. She has now moved to the role of Head of the Ministerial Support Group and the SU and DU each have a different head.

In Wales, the development of the centre has followed a different pattern. The Welsh Assembly Government (WAG) has created a number of functional departments which sit alongside central groups such as human resources and finance as well as a Strategy and Communications Directorate (containing a Strategic Policy Unit (SPU)), but there is no clear central core, as in the Whitehall or Scottish models, which contains strategy, delivery or analytical functions and has a co-ordinating role in relation to the functional spending departments⁷. All of these are scattered throughout the WAG. Hence horizontal co-ordination is achieved through the management board on which the head of each department, group and directorate has a seat. The structures in place suggest that overall control is exercised at a higher political level and that no other department exist to challenge the strategic positioning of the FM. The reasons for adopting this approach appear to be based on issues of scale, a desire to retain individual expertise in specific roles and the dominance of political leadership⁸.

The structuring of government in Northern Ireland is shaped by the Good Friday or the Belfast Agreement reached in April 1998 and the need to create sufficient government departments to accommodate the requisite number of ministers. Pilkington (1999:150) noted that the organisation of the civil service remained the same as its political leadership swapped between the Northern Ireland Assembly (NIA) and the Northern Ireland Office (NIO). However the initial establishment of the NIA impacted on the organisation and workload of the civil service leading to a series of changes in roles and responsibilities. Since then, the return to direct rule in 2002 may have impeded the development of the civil service that began under the first NIA. On commencement of the NIA in 1999 the Office of the First Minister and Deputy First Minister (OFMDFM) was established with a wide-ranging remit including the co-ordination of policy across departments. This could be regarded as the central core of the Northern Irish government. This office currently includes a Policy and Public Service Directorate⁹. Within this Directorate is the Economic Policy Unit (EPU) which covers a range of activities including hosting the Policy Innovation Unit (PIU) which is tasked with improving strategic policy-making capability within the Northern Ireland Civil Service (NICS). The suspension of devolution and the re-introduction of direct rule had some influence on the operation of the centre. For example, the same Westminster

⁷ A recent reorganisation of the WAG in June 2006 has led to some changes in the organisation of the support functions and the abolition of the SPU in its prior format. This is addressed in Chapter 5 on Wales.

⁸ It was suggested by a special adviser that the structure in 2005 was not the result of any planned activity and was in need of review.

⁹ At time of writing the post of director of this directorate was vacant.

Minster has responsibility for the OFMDFM and the Department of Finance and Personnel, thus facilitating joint working on issues of budgeting and economic development. The ongoing focus on constitutional matters and the exclusion of central government from the recent Review of Public Administration resulted in somewhat of a hiatus in the further development of the centre of the NICS during the period of this research although the future appears to offer potential for change¹⁰.

1.3 Aims and objectives of the research

The main aim of this research is to develop an explanatory model for the creation, operation, impact and transformation of CPSC in the UK as a resource for the PM or FM post devolution and to explain the differences or similarities of approach found across the UK. More specifically it sets out to:

1. identify the factors underlying the creation, changing operations and impact of CPSC within a dynamic political and organisational environment;
2. gain a greater understanding of how these factors operate to produce organisational and cultural change in CPSC;
3. compare developments in the constituent parts of the UK; and
4. ask how CPSC evolves in order to continue to support the government as it evolves.

The objectives have been developed based on a historical and theoretical review of political science, policy and organisational literature. Chapter 2 contains this review, alongside the initial hypotheses and research questions guiding this research.

To focus the research it will centre on those units of CPSC that are under the control of and report to the PM/FM, that identify the PM/FM as their key client and have responsibility for the development of medium- to long-term strategy from a relatively apolitical stance. In Whitehall, the focus will be on the PMSU. The No. 10 Policy Directorate, the Treasury and departmental Strategy Units will only be considered in the context of their links with the centre. The omission of the Treasury as a centre for strategy development might appear to be a strange choice. However while the Treasury is powerful in terms of setting targets and allocating resources for delivery, the SU and the No.10 Policy Directorate are the units advising the PM and other government departments on the development of strategy. The unique position of the Treasury, perceived to be an equal partner in government, arises from the Blair-Brown pact but in practice overall strategy development remains the prerogative of

¹⁰ This is explored further in Chapter 6.

the PM. In Scotland, research will centre on the SU, in Wales the SPU and in Northern Ireland the EPU and particularly the PIU.

1.4 *Strategy and Policy*

The use of the term ‘strategy’ within government is not new but its ubiquity has grown significantly in recent years. Therefore it is necessary to look briefly at the definition of strategy and the relationship between strategy and policy, and policy analysis, to enable this research to be linked to previous writing on policy analysis capacity and to clearly define what strategy means in this thesis.

Strategy is a contested term. Within the corporate world a generally accepted definition of strategy is:

‘.. the direction and scope of an organisation over the long term: ideally, [these match] its resources to its changing environment, and in particular its markets, customers or clients, so as to meet stakeholder expectations.’

Johnson and Scholes (2002)

This encapsulates the general concept of strategy and its function but some further analysis helps to more clearly understand the full impact of strategy on an organisation and its operations. Mintzberg et al (1998:5) identify ten different schools of strategy with views ranging from strategy formation as ‘*a process of conception*’ to strategy formation as a ‘*process of transformation*’. While each of the ten schools has its own views on the nature of strategy, Mintzberg et al (1998:16) identify some general areas of agreement:

- Strategy concerns both organisation and environment
- The substance of strategy is complex
- Strategy affects the overall welfare of the organisation
- Strategy involves issues of both content and process
- Strategies are not purely deliberate
- Strategies exist on different levels
- Strategy involves various thought processes.

This list gives a good indication of how strategy can spread into all aspects of an organisation’s operations highlighting the need for a holistic or integrative approach to strategy. In this context, Mintzberg et al’s (1998:302) final school of strategy, *the configuration school*, best encapsulates such an integrative approach. The configuration

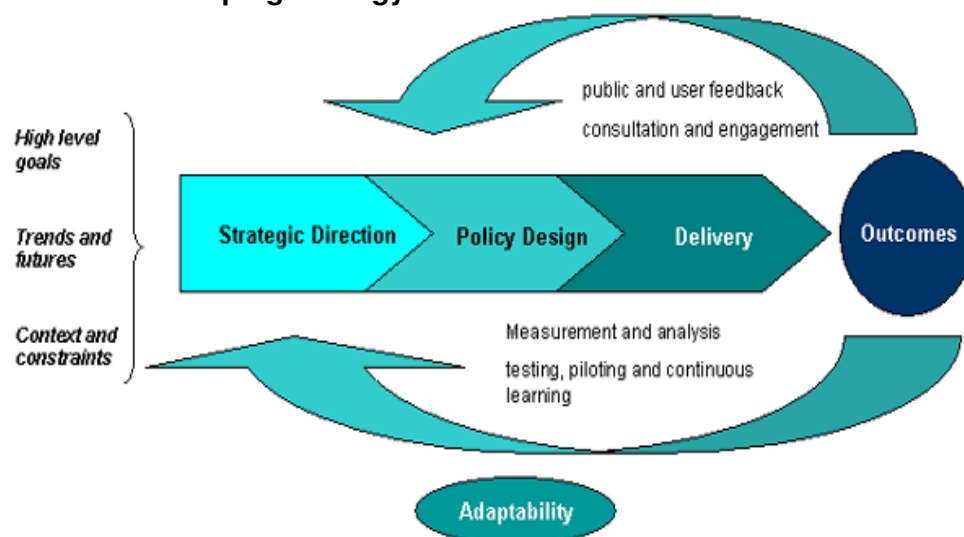
school is based on the premise that organisations move through phases consisting of periods of stability and periods of change. These phases may be ordered into a lifecycle. In this school, good strategic management consists of sustaining stability while recognising the need for periodic transformation. Within this framework, the process of strategy-making and the nature of the resulting strategies can vary, the most important outcome being the suitability of the process and strategy for the time and context.

A possible description of strategy within government is that set out by the PMSU (2006) which suggests that strategy is about helping governments to work out what they want to achieve and how they will achieve it. According to the PMSU the best strategy in government displays:

- clarity of objectives;
- understanding of the environment;
- appreciation of what works in practice;
- creativity and adaptability; and
- co-creation and communication.

The PMSU summarises its approach to strategy development as shown below in Table 1.

Table 1: Developing strategy



Source: PMSU (2006) available at <http://www.strategy.gov.uk/downloads/survivalguide/site/intro/introducing.htm>

The PMSU's outline of government strategy reflects a number of the areas of agreement identified by Mintzberg et al (1998) above, in particular the importance of the environment and the variety of processes involved. The PMSU also recognises the variety of strategic

models that can be adopted highlighting emergent and deliberate approaches to strategy development. In practice the approach adopted by the UK government, as shown in Table 1, leans towards an intended and deliberate approach based on a rational approach to strategy development similar to that underpinning the original 1960's fashion for policy analysis whereby it is assumed that hierarchical and centralised planning based on a set of rational techniques, such as evidence-based policy, can produce better policy solutions. This creates a danger that strategy can become an inward looking technocratic exercise without sufficient appreciation of stakeholder needs or wants and a lack of attention to external influencing factors. It assumes that there is a 'right' answer to policy problems and that a set of techniques correctly followed will produce that answer. It does not allow for the complexity of real life; the multiple understandings of policy problems and the processes of implementation.

Government can also follow emergent strategies where patterns of actions gain consistency over time. This type of strategy is more likely to involve a wider range of actors, experiences and information, and may evolve from the bottom up thus allowing for a more inclusive democratic approach to strategy creation. However, this approach requires government to be willing to relinquish control and to create an environment in which ideas and creativity are valued and nurtured.

In the UK, government strategy appears to be more concerned with developing visions, aims and objectives rather than detailed policy prescriptions. While still adopting a rational approach to strategy using evidence and top down prescription to set aims and objectives it is less concerned with the detail of delivery. This concentration on the bigger picture may enable the centre to maintain a focus on high-level goals while allowing for the decentralisation of delivery (Pollitt and Bouckaert, 2000: 41-44). Could this be one response to the 'hollowing-out' phenomenon? Strategic thinking may be directive in terms of broad goals but may open up the possibility of diverse policy responses leading to divergence in delivery and implementation. Therefore, strategic thinking or strategy development should not automatically be conflated with unitary government or with hierarchical, top-down approaches.

Strategy can be sub-divided into development and implementation. The first being the articulation of a framework and overall objectives and goals, while the latter involves the creation of tactics for achievement, primarily the matching of tasks to resources. Translating this definition into more traditional governmental terms, strategy and policy can at times become conflated. While definitions of policy are notoriously slippery, most common

definitions focus on policy as ‘courses of action’ and ‘decisions’ (Hill (1997:6-9). Such definitions tend to focus on specifics rather than the creation of broader frameworks. Indeed the PMSU strategy survival guide¹¹ defines policy as the means of achieving strategic outcomes. A number of policies may be needed to achieve one strategic goal.

The relationship between strategy as a managerial concept for dealing with the future and the political reality of the need to react swiftly to unexpected events presents governments with a dilemma. Can long-term strategy be developed in isolation from short-term political imperatives and the watchful eye of the media, or is the impact of short-termism and the need to see quick results overpowering? In practice governments can adopt two main approaches to overcoming this tension:

- dividing responsibilities for the production of long-term strategy and the day-to-day operations of political strategy; or
- bringing together those responsible for producing long-term and short-term strategy.

Either approach presents another set of problems relating to co-ordination and roles, and requires a different set of structures and processes. Balancing strategic thinking with flexibility is a problem faced by many organisations, not just governments. In the business world, companies struggle to maintain

‘a pace of change..responsive to the environment without being disruptive to the organisation’

Mintzberg (1983:14).

The primary difference is that business can usually keep this struggle behind closed doors whereas government tends to play out such dilemmas in public.

There is no one model of strategy making. Deliberate and emergent are only two of the approaches that can be adopted. The model adopted may depend on many factors such as:

- the ideology of the government;
- the style and requirements of the leader;
- the stage of the lifecycle of the government;
- the existing structures and institutions; and
- the resources available in terms of people and skills.

¹¹ See <http://www.strategy.gov.uk/downloads/survivalguide/site/intro/introducing.htm>

Mintzberg et al's (1998) analysis of the configuration school of strategy would suggest that all of the above are important but that the lifecycle may form a framework on which to address the impact of the other factors identified. Therefore an exploration of the operation of the lifecycle and the impact of the other influencing factors on strategy development forms the basis of the rest of this research. The concept of lifecycle is further developed in the next section of this chapter.

1.5 *Government lifecycle*

The concept of lifecycle is borrowed from the world of business and organisations where lifecycle models are relatively commonplace. There is a wide assortment of models that have been proposed over the years. What most have in common is the idea that the development of an organisation can be split into stages; that each stage demonstrates specific characteristics and cultural features; and that success in operating at each stage depends on the strategic choices made which differ from stage to stage. One example is that of Johnson and Scholes (1989:260) who summarise issues of lifecycle, culture and strategy as shown in Table 2.

Table 2: Lifecycle analysis

<i>Lifecycle stage</i>	<i>Cultural feature</i>	<i>Strategic choice</i>
Embryonic	Cohesive culture	Try to repeat success
	Founders dominant	Related developments favoured
	Outside help not valued	
Growth	Cultural cohesion less	Diversification often possible
	Mismatches and tensions arise	Vulnerable to takeover
		Structural changes needed for new developments
		New developments need protection
Maturity	Culture institutionalised	Related developments favoured
	Culture breeds inertia	Incrementalism favoured
	Strategic logic may be rejected	
Decline	Culture becomes a defence	Readjustment necessary but different
		Divestment may prove necessary

A number of reviews of organisational lifecycles have been produced by diverse commentators. One of the most recent reviews is that of Bessan et al (2005) who scan a wide range of lifecycle studies. Among the thirty-three studies they reviewed, only one, an

American study on the Office of the Secretary of Defence by Crosier (1991) looked explicitly at governmental organisations. Bessan et al (2005) expressed some scepticism as to the extent to which empirical findings matched theoretical descriptions of lifecycle models, but they recognised that organisations face different problems at different times and identify key ‘tipping points’, rather similar to the critical junctures proposed by historical institutionalism as necessary for change. The applicability of lifecycle models to government and governmental organisations is less common and therefore not robustly tested. This thesis takes the position that lifecycle models can be used to help explain activities and actions at certain stages of the governmental lifecycle. Unlike business organisations, governments have a lifecycle traditionally defined by the electoral cycle, although with the increasingly likelihood of governments maintaining themselves in power for more than one election, the question of when the governmental lifecycle starts and ends presents an interesting dilemma. It could be argued that a change of leader creates the start of a new lifecycle although this is not always the case and a new leader may simply follow on the policies already adopted previously. There is also the complication of whether a structure such as CPSC put in place by the government responds to the government lifecycle or operates to a lifecycle of its own driven by normal organisational developments. Despite these complications, construction of a basic lifecycle, recognising that there are periods more likely to lead to change and periods of relative stability, is considered to be a fruitful approach to this research.

Glor (2000) is one of the few commentators who has made use of the lifecycle approach to study innovation in government. She identifies four stages in a government lifecycle.

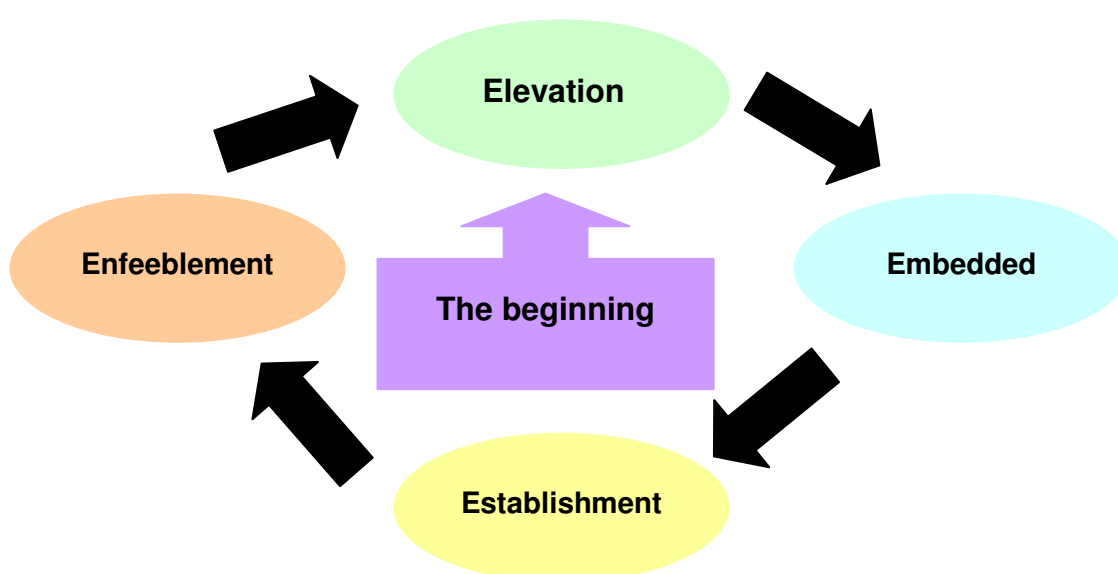
- *Entrepreneurial stage*: The government's first task is to get elected. This may require the articulation of new policies and the projection of a dynamic approach.
- *Collective stage*: The organisation begins to take shape. Staff are recruited where needed and roles and responsibilities assigned.
- *Formalisation stage*. Co-ordination becomes a major concern along with evaluation and reducing costs.
- *Elaboration stage* (strategic change): This stage involves change as the government lacks ideas and needs new staff and skills.

What Glor's model and the models produced by numerous business commentators have in common is the understanding that change can only be explored and understood over time. Such models recognise the potentially deterministic impact of time and the extent to which

organisational behaviour falls into a pattern regardless of the intentional actions of agents or the influence of external factors. They recognise a certain inevitability of progress through different stages without conscious awareness by those working within the organisation. Lifecycle analysis looks at the deterministic effect of age and time on development and change. It recognises that organisations typically have phases of birth, transformation and death each with different characteristics and problems leading to different modes of operation and problem-solving strategies. Lifecycle analysis might also suggest that organisations adopt evolutionary, incremental change strategies in periods of relative stability while using revolutionary strategies to deal with major shifts (Glor, 2000).

A possible four-stage lifecycle model for this research is set out in Table 3 below.

Table 3: Creating a government lifecycle model



The first stage of elevation can involve the winning of an election and taking office (in line with Glor (2000)) or could arise on a change of government leader. This stage involves a degree of cohesion within government and the presence of leadership dominance. The expectation at this stage is that co-operation and unity is required. The second stage involves the creation of a government and the embedding of staff, processes and policies. At this stage there is a degree of fluidity, and tensions arise, but successes are recorded. Change may be needed to address the gradual breakdown of consensus and to reshape the government to form a new phase of stability based on co-ordination. The third stage occurs when the government is established, has developed processes and procedures and is interested in engaging with decentralisation and the process of steering to support the maintenance of previously successful approaches, which may become increasingly irrelevant. Finally a

fourth stage of enfeeblement is reached when innovation dries up, old approaches are repeated with diminishing returns and the possibility of renewal is low. In line with Glor and with some recognition of Bessan et al's (2005) concerns regarding 'tipping points', this lifecycle is based on the idea that the embedded and enfeeblement phases of the lifecycle are likely to be source of turbulence and shifts requiring more revolutionary approaches while the election and establishment phases are more likely to be characterised by cohesion and agreement and to make use of evolutionary or incremental change approaches.

To develop this model to advance the argument of this thesis it can be used to set up the first row of a four-by-four analytical table as shown in Table 4. This table will be further populated through the theoretical review undertaken in Chapter 2.

Table 4: Creating an analytical table

Lifecycle of government	Elevation	Embedded	Establishment	Enfeeblement
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1.6 Research design and methodology

1.6.1 The philosophical position underlying this research

In practice this research adopts a combined deductive-inductive approach starting with some tentative hypotheses derived from a review of the historical and theoretical literature and also drawing on patterns and regularities discovered during the research to build into analytical generalisations as defined by Yin (2003:32). This concept of analytical generalisation involves a search for meaning through raising empirical material to a general level by the careful selection of informants relevant to the research. Hence the research is carried out from a position of realism, therefore accepting that it is possible to gain knowledge and understanding of how and why events or actions take place by looking at processes and procedures. Realism as a paradigm can be summarised using Healy and Perry's (2000) categorisation as shown in Table 5.

Table 5: The realism paradigm

Element	Realism
Ontology	Reality is "real" but only imperfectly and probabilistically apprehensible
Epistemology	Modified objectivist findings, probably true
Common methodologies	Case studies/ convergent interviewing: triangulation, interpretation of research issues by qualitative and other methods.

1.6.2 An outline of the research approach

Using Barzelay's (2001) approach an overall summary of the research can be produced. Barzelay's (2001:53) approach, developed for comparative studies of public management, consists of five stages involving the specification of: the research goal; the research style; the research objective; the research design; and the research task.

The **research goal** can be summarised as the *development of an explanatory model for the creation, operation, success and demise of CPSC*. This then leads to the **research style** which for this research is *case orientated*. The next stage involves specifying the **research objective** in terms of academic contribution. In this research, the research objective is *limited analytical generalisation*.

The **research design** consists of three steps.

- The selection of the case outcome – the development of CPSC.
- The selection of explanatory framework/models – the concept of lifecycle and organisational change and the influencing factors of leadership, events, ideology and modes of governance.
- The selection of cases – the UK post devolution for intrinsic interest, to explore and explain post-devolution developments, to provide for some element of generalisation within the UK and for practical reasons of time, budget, language skills and contacts.

Finally the **research task** in this case is to explain the similarities or differences between the cases using the explanatory framework/models, developed to achieve the research goal.

1.6.3 Case study design

The overall research methodology is based on comparative case studies of CPSC within the constituent parts of the UK. It makes use of multiple research methods, primarily documentary review and analysis and interviews, all of a qualitative nature.

The existing design is based upon the premise that structures for the purpose of providing CPSC with particular characteristics (reporting to the PM/FM, a wide-ranging policy remit, based in the core executive) can be identified within each part of the UK polity; that these structures are intrinsically interesting as policy/strategy development structures; that it is possible to theorise on aspects of the creation and demise of such units; and that they can only be fully understood by using a variety of research methods including interviews and documentation review. This points towards the appropriateness of the case study as defined by Yin (2003:13).

'A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.'

Distinguishing between phenomenon and context can be difficult. Therefore, Yin (2003:13) expands the definition of the case study and identifies two other characteristics: the need to rely on multiple sources of evidence; and the benefit of developing theoretical propositions to guide the empirical work. On the basis of this definition a case study approach is an appropriate research design. To fully address the theoretical concerns of the research a comparative case approach appears the most fruitful. As noted by Hakim (2000:72)

'comparative case studies are a well established design for research on local and national governments and the policy process'.

Developing the unit of analysis for this research was the subject of some debate. Yin (2003:24) highlights the difficulty of choosing an appropriate unit of analysis and notes that the initial choice should be driven by the primary research questions. For this research it initially appeared that the research questions could be addressed by a holistic approach to the review of CPSC structures as the theoretical concerns are themselves holistic. However, as suggested by Yin (2003:45), there is a danger with such an approach that the case study becomes very abstract with a lack of clear measures. An embedded design, which takes as the unit of analysis a number of sub-units, can help to keep the research focused on the initial questions although it poses the problem of ensuring that the larger unit of analysis is not replaced by the sub-unit as the main area of concern. A final decision about the unit of analysis may also be influenced by the nature or degree of generalisation required from the research.

Moving away from purely theoretical concerns the key question for this research was whether an embedded design would better address the primary research questions and the hypotheses being tested. A holistic approach would address the research questions through a review of documentation and interviews with key informants both within and outwith the CPSC unit (CPSCU), although it is reliant on the veracity of the information provided by interviewees and the extent to which information can be validated via triangulation. This approach tends towards dealing with idealised situations and may not capture what happens when formal structures and processes are put under pressure.

By selecting sub-units for examination, it would be possible to 'test' the actual working of the stated processes, for example by tracking a project for its entire lifespan. This could lead to a better understanding of how reality matches with the aspirations of those who set up the CPSC structures. It would also provide evidence for the operations of systems and structures.

It would not, however, by itself provide sufficient information to answer all the research questions posed in this research. Therefore such an embedded design would need to be undertaken within the holistic case study.

There are a number of problems with undertaking an embedded design using sub-units. Identifying appropriate sub-units can be difficult. Some of the work of the CPSCUs can be defined as discrete projects with a clear start and finish, leading to a final output such as a project report. Other elements of their work consists of ongoing 'projects' such as the production of strategic guidance for departments or regular reviews on topics such as futures work which lead to a variety of publications and other outputs but are ongoing with no clear end point. Some choice would need to be made, perhaps between projects which were considered successful or those considered less successful on the basis of the CPSCUs' own measures or on measures devised for the research. The choice of policy 'projects' is also constrained by the availability of documentation and the personnel involved. In many cases personnel move to other work, to other civil service departments or to other organisations. The ability to access such persons would provide difficulties within the confines of a thesis.

It was decided to remain with a holistic case study design, recognising its limitations, while acknowledging that a further study of embedded units within the holistic cases would provide further information on the efficacy of the CPSC structures in place, their aims and objectives and their contribution to better policy-making.

Eckstein (2000:119) argues persuasively on behalf of the case study method as a means of generating political science theory, a partial aim of the research. Stake (1994:237) notes that *'different researchers have different purposes for studying cases'*. He identifies the *'intrinsic'* case, chosen because the researcher wishes to explore or understand that particular case. While this definition is presented primarily as a heuristic device, it explains the initial choice of cases for this research. Each of the administrations within the UK is intrinsically interesting. While the various parts of the UK polity differ in size, resource and powers, there is a core of similarity in the variable of interest for this study, namely the development of dynamic CPSC structures within the core executive. The research starts off from a position of studying this phenomenon that has arisen in each of the cases under review. What it seeks to explain are the factors influencing the initial creation and subsequent development of this phenomenon. It could be argued that the component parts of the UK do not make comparable cases given their relative sizes and the difference in constitutional powers across the administrations; however this makes the common outcome even more interesting to explain. If the cases are so different, why has a common outcome arisen as demonstrated by

the development of CPSC structures in each polity? By tracking the development of CPSCUs within Whitehall only, a theory could be developed around the nature of such capacity, but by using comparative cases, the validity of the research in the context of the UK should be improved (Yin 2003:46). Such comparison will enable factors such as size and constitutional powers to be examined to ascertain if they really do make a difference or if there are other factors that impact on all parts of the UK to produce similar outcomes. A crucial test of case study design is the extent to which it meets Yin's (2003:34) four tests of research validity: construct; internal; external; and reliability. Table 6 shows how this research design meets these criteria.

Table 6: How this research design meets criteria of validity

Criteria of validity	Methods used to meet these criteria
Construct	Through the use of multiple cases, the establishment of a chain of evidence through the mechanisms of data analysis used and by obtaining the views of informants on the draft conclusions of the research.
Internal	By pattern identification across the four cases.
External	By adopting replication logic across the four cases.
Reliability	By careful documentation of the research process. In addition, key informants reviewed output, and acted as 'quasi-auditors' of the research output.

Whilst international comparisons may be preferable for political science theory generation, for reasons of personal interest alongside pragmatic considerations of time, personal capabilities and budget, this research is restricted to the UK. Obviously this raises issues of generalisability. A qualitative case study design is not geared towards producing sample results that can be generalised to a population. It is a mistake to equate a case to a single survey respondent according to Yin (2003:32). Therefore a focus on analytical rather than statistical generalisation is an appropriate focus. This adds to the understanding of previously developed theory but also leaves open the possibility of further testing the theory using additional cases.

1.6.4 Data collection

The main methods used for this research consisted of interviews and documentary review.

Elite Interviewing

May (2001:120) notes that interviews

'yield rich insights into people's biographies, experiences, opinions, values, aspirations, attitudes and feelings'.

In researching a relatively specialised area with a small number of key informants, interviews offered the best approach to gaining a fuller understanding of the area under review. A series of 43 interviews were held with 38 different informants based in London, Cardiff, Edinburgh and Belfast. The interviewees consisted of one senior politician, six special advisers (SAs), the three CPSCU heads and the head of the EPU, eight CPSCU senior staff including civil servants and secondees, four previous heads of the CPSCUs, three departmental civil servant ‘customers’ of the CPSCUs, one departmental Director of Strategy and two heads of strategy units in Whitehall, five academic and think tank personnel, and four other senior civil servants with managerial responsibilities. The number of interviews and the identification of the interviewees were based on the need to build a rich picture of the CPSC structures by identifying those individuals who managed, worked in, worked with or were advised by the CPSCUs. The number of interviews ultimately obtained is in line with, for example, Deakin and Parry’s (2000) review of the Treasury, which included 30 interviews. The main tranche of interviews in Edinburgh, Cardiff and London were undertaken during a twelve month period from January 2005 to January 2006 apart from initial set up meetings with the CPSCU heads which were undertaken in late 2004. Undertaking these interviews involved three trips to Cardiff in May, October and November 2005, three trips to London in January, July and November 2005 and during April, July and November in Edinburgh. Interviews in Belfast were undertaken in September 2004 and January 2006, dates partially dictated by the prevailing political situation in Northern Ireland. In addition to these formal interviews, casual conversations at conferences and e-mail exchanges filled out gaps in knowledge.

The selection of interviewees was influenced by issues of access, timing and financial resources availability. One possible approach was to limit interviews to staff and management working within the CPSCUs, a relatively easy task in terms of accessibility and co-ordination, but a richer picture of the operations of the CPSCUs was established by including interviewees who have worked closely with the units while remaining outside and might be expected to have a different perspective. This includes SAs, who, through their network, are influential in spreading support for policy proposals and feeding in political views, and civil servants outside of the CPSCUs who formed views on the role and usefulness of such CPSCUs through their experiences of being ‘customers’ or working on joint projects. The second approach was adopted. One omission from the list of interviewees is that of politicians, with one exception¹². The politicians who had most to offer this

¹² This interview was obtained through a personal contact.

research were the PM and the FMs. It was decided for reasons of access, timing and cost to focus instead on the writings and speeches of these individuals rather than devoting time and effort to possibly obtain very brief meetings¹³. The use of SAs also helped to gain a view on the opinions of the PM and FMs.

All interviewees could be classified as 'elites' using either Lilleker's (2003) definition, of those having '*close proximity to power or policy-making*' or Young's (2004) definition of people who cannot be substituted or people we need. Interviewees were interviewed in their professional role. They were often the only person undertaking that particular role in the administration under review and offered very specific expertise. This can lead to difficulties. Such interviewees are more likely to have their own agenda concerning the information they wish to reveal, the degree of confidentiality they require and how the interview itself progresses. A number of interviewees were also gatekeepers, for example the heads of the units under review. If they had not wished to participate in this research then effectively the research would be blocked in that particular administration. Therefore these informants were in a particularly powerful position, and as such, required careful handling. An interesting dilemma arises regarding interviewing members of staff when the head of the unit has agreed to participate in the research. Should such members of staff be given the chance to refuse to participate on an individual basis, or as part of their professional role, should public servants be expected to participate in research? In this case individual informed consent was not sought in advance in all cases as a number of interviewees were suggested and the interviews organised through the heads of the units.

As an overt researcher in a closed access situation, as suggested by Hornsby-Smith (1993:53), physical and social access had to be gained. As the research focused on four specific units, the initial task was to obtain the co-operation of the heads of each of these units, without which the research would be severely compromised. This process was rather easier than expected. Goldstein (2002) notes that

'getting the interview is more art than science and...political scientists are not particularly well known for our skill at the art of cold calling'.

However, cold calling can be less daunting if some connection with the interviewee can be found. The head of the PMSU in Whitehall was an ex-employer and colleague, so he agreed to support the research and to allow his name to be used to contact others. The Head of the SPU in Wales was known to academic colleagues whose names could be used when making

¹³ Interestingly an academic colleague who is researching in a related area attempted to engage politicians in Whitehall but was unsuccessful.

contact. The researcher had previous contacts in the SE which she drew on to facilitate access there. In Northern Ireland, an academic sponsor opened doors (as explained in the following paragraph). Based on the researcher's previous insider experience and the advice of Burham et al, (2004), e-mail was adopted as the preferred means of contact¹⁴. This enabled initial contact to follow Aberbach and Rockman's (2002) advice of

'stating your purpose in a few well chosen sentences, no need to be too precise or certainly overly detailed'.

In addition the initial contact did not specify the student status of the researcher as suggested by Stedward (1997), although this was explained at each interview.

Initial contact with the heads of the units was made via e-mail in London, Wales and Scotland using appropriate names as references and attaching a one page (A4) summary of the research. This initial contact led to meetings at which background information was obtained, the scope of the research outlined, processes for making contact and arranging interviews established and reporting, confidentiality and feedback mechanisms agreed. These interviews were semi-structured and provided a great deal of useful information but their primary aim was to obtain the support of the heads of the units for the research in general and to help with identifying contacts and organising meetings. The starting point in Northern Ireland was somewhat different and an excellent example of the serendipity that can occur in research and which should always be acted upon. The researcher was introduced to Professor Elizabeth Meehan at a social event and subsequently e-mailed her to ask for advice. Professor Meehan responded by contacting a number of relevant interviewees and facilitating the researcher's first visit to Belfast.

The next round of interviews was organised through a series of e-mails, again with a one-page attachment, to potential interviewees using the head of the unit's support staff¹⁵ to organise the interviews or to contact potential interviews in advance to 'encourage' them to participate. The interviewees were chosen by the researcher although some advice was sought from the heads of the units and from each interviewee. Where a third round of

¹⁴ E-mail directly to the potential interviewee has a number of advantages. It often bypasses proprietorial secretaries and Personal Assistants and enables the communication to go directly to the interviewee who can read it at their leisure (from personal experience, senior people seem more likely to read their own e-mail than paper communications). The likelihood of e-mail being read can be raised by e-mailing at specific times (later at night and early in the morning). This contrasts with letters which are unpredictable, can be buried in the in-tray and can get 'lost'. If the interviewer needs to follow up with a phone call, it is easy to refer the recipient to the e-mail which they can then open and scan as the phone call progresses. This means that the entire research project need not be recapped over the phone.

interviews was undertaken, a similar approach was used. It is possible to raise some ethical concerns regarding the ability of potential interviewees to withhold consent if they are approached by their supervisors or their supervisor's administrative staff. Can such consent be said to be freely given? In fact only two potential interviewees refused an interview when approached, one due to workload and timetable restrictions and the other due to the passage of time since they had been involved with CPSC and their change in status since. For others, it appeared to be regarded as part of their job. Some treated the interview as a duty while others treated it as a personal opportunity to speak about their job and their concerns. As the interviews concerned the professional and not the personal lives of the interviewees, this seemed an appropriate response and negated any residual ethical concerns.

Throughout semi-structured interviews were used to facilitate analysis and comparison while enabling interviewees to '*answer... on their own terms*' May (2001:123). This is the method recommended by, amongst others, Burnham et al (2004:205). Interview schedules were prepared which differed somewhat for each type of interviewee but were used consistently across administrations (with some flexibility, particularly in Northern Ireland). Examples of the interview schedules used are shown in Appendix 3.

Elite interviews raise issues of status where the researcher is in a subordinate status. This can impact on the extent to which the interview can be directed and the nature and quality of the information that the interviewee will provide. Lilleker (2003) and others suggest that one possible way of overcoming some of these problems is to ensure that the interviewer is well informed before the interview, hence increasing the interviewer's credibility and the interviewee's confidence in the process. This was the approach adopted which explains the relative lateness of the interviews in the research process as adequate documentary review was undertaken beforehand. Young (2004) suggests playing at sharing the world of the interviewee through our dress, reference to '*shared concerns*' and '*name-dropping*'. This approach worked well, although the researcher's previous background¹⁶ was also extremely useful in establishing credibility. In general, the level of conversation was appropriate to the research. Most interviewees were happy to be taped as noted by Deakin and Parry (2000) although a few spoke noticeably more freely after the tape was turned off¹⁷.

¹⁵ Building a good relationship with administrative staff paid huge dividends in terms of reducing the organisational burden on the researcher.

¹⁶ The researcher was asked to give some advice on strategy development by one interviewee and was later visited by another interviewee who sought some policy advice.

¹⁷ At which point the researcher recorded the "off the tape" remarks in note form as soon as possible after the interview, to enable them to form part of the general background to the research.

It is always difficult to judge the openness and honesty of interviewees. All knowledge shared through interviews is mediated through shared meanings and levels of trust. The interviewer must make their meanings and understandings as clear as possible to the interviewee to try and elicit a response based on a common understanding. By being prepared, the quality of the discussion is improved but the interviewer has to judge each situation individually and adapt their questioning technique accordingly. In this research, the researcher took some comfort from hearing comments such as (paraphrased) – *I have been more honest than I intended; I enjoyed that interview; and you seem very knowledgeable for a PhD student*. Such comments offered feedback on the interview process; however individuals can always present the picture they wish to present. Only by careful questioning, probing and by comparing alternative accounts of the same situations or events can the interviewer build a richer and more nuanced picture.

Confidentiality is a key issue for elite interviewing. In this research, respondents were promised that quotes and comments would be non-attributable and this is generally the case throughout the rest of this thesis; a number of interviewees indicated that they were happy to be quoted unless they specified otherwise during the interview, although this meant that they often did not want more controversial material to be published. One, perhaps more experienced, SA noted that he expected all interviews to end up in the public domain, as it ‘*goes with the territory*’. The Political Studies Association (2006) offers advice to its members that:

‘Members should treat their research subjects fairly. Subjects' agreement to participate should be given on a voluntary and informed basis. Participants should be made aware of the likely limits of confidentiality and must not be promised greater confidentiality than can be realistically guaranteed’.

This matched the situation of this research where, given the relatively small policy communities involved, there is a risk of some identification even if the names of interviewees are not used.

Confidentiality regarding who was being interviewed was practically impossible as interviewees in each location know each other and discussed the research and the interview schedule with each other. Hence the researcher did not keep confidential names of interviewees but did not pass on information from one interviewee to another except in general terms.

Documentary review

There is a range of publicly available information about CPSCUs. Documentary review played an important role in providing factual information, exploring attitudes and opinions

and ascertaining the impact of the units. Documents used include websites, published reports, parliamentary questions and committee reports. Other relevant sources of information consulted include media coverage, political biographies and autobiographies.

Each type of document offers a different perspective which contributes to a more detailed understanding. The use of documents is impacted by issues such as their availability, their author and the purpose for which they were written. For this research, much documentation was publicly available via governmental websites. Other material, such as extracts from government intranets, was obtained at interviews. The recent introduction of the Freedom of Information Act 2000 and the Freedom of Information (Scotland) Act 2002 led to the public release of documentation that had previously been considered confidential¹⁸.

In using documentation it is necessary to identify the author, their position and their personal beliefs or political stances. Reports produced by civil servants, for example, will rarely be overly critical of government actions or strategies, whereas extracts from Hansard relating to oral and written questions and select committee reports will often display a hostile tone. The researcher needs to develop an understanding of the purpose of such documentation. Is it intended to offer a critique, an objective assessment or a positive spin? For this research documentation was located that covered all three possibilities to help produce a more rounded picture.

1.6.5 Triangulation

As outlined by Macdonald and Tipton (1993:7) issues of authenticity, credibility, representativeness and meaning must be addressed to ensure reliability and validity. One method of dealing with such issues is the use of triangulation. Bechhofer and Paterson (2000:58) comment that strong triangulation, that is, triangulation using different methods, is preferable, as different types of data can reveal interesting inconsistencies. This research is based upon triangulation between different document sources but also between interviews and documentary analysis. It does not attempt to reconcile differences found between different sources but to use them to develop a fuller understanding.

1.6.6 Analysing data

A conscious decision was made at the start of the research not to undertake full transcription of the interviews undertaken. Instead, in line with Young (2004), selective transcription and summarised notes were produced and sections of the tapes listened to on a number of

occasions. This was felt to be an optimal use of available time. This may create a situation whereby the researcher is prematurely selective in the information used but this can also occur when using full transcripts. In any set of interviews unless the researcher is primarily concerned with undertaking a detailed analysis of the language used, much of the detail may be redundant. Hence the decision to focus on what appeared to be researcher to be the key themes arising and to identify some specific words and phrases that appeared to be important.

Analysis of interview data was carried out using a broad thematic basis as suggested by Ritchie et al (2003:21). The themes adopted were: leadership, impact, lifecycle, resources, outputs and aims. This did not change greatly over the course of the research although additional categories of strategy and relationships were added in. In addition material was organised on a chronological basis for each administration to enable a description to be produced.

This analysis was undertaken using Microsoft Word. Consideration was given to using a computerised package. However this would require full transcription and appeared to be overly complex for the relatively small number of interviews. A bibliographic package was used to record all literature and documents read, and key words were established to identify relevant information.

1.6.7 Feedback

The issue of providing feedback to interviewees divides researchers. For example, Woliver (2002) comments that it is important ethically that we send copies of what we write and publish to interviewees, e.g. a chapter of the thesis. Burham et al (2004) and Lilleker (2003) indicate that it would be '*ethical*' or '*courteous*' to provide transcriptions if requested. Yin (2003:34) goes a stage further and notes that '*the validity of research is improved by allowing informants to review drafts of the output*'. The latter is the approach adopted for this research. A draft of the chapters for each administration was sent to the head of the relevant unit for their comment. It was made clear that the purpose of such review was to correct factual error or to identify missing information while the opinions expressed remained that of the author. This approach was very successful. Informal feedback was also obtained through e-mail communications with the heads of the units

¹⁸ The researcher was able to obtain an internal document previously refused when it subsequently became the subject of an FOI request (not by the researcher).

In addition, the researcher presented elements of this thesis and its arguments at five different conferences over the course of the research¹⁹.

1.7 Summary of argument

The argument outlined in this thesis is based around a series of hypothesis regarding the creation, operation and transformation of CPSC developed in Chapter 2.

These suggest that CPSC will evolve over a deterministic lifecycle influenced by three key factors, the nature of political leadership, events and ideology. In addition, the research hypothesises that the impact of these factors can best be understood using a dynamic model of organisational change. The research uses the four cases within the UK to shown how the key factors have influenced developments in each administration and how differences and similarities have arisen. It highlights the deterministic nature of the organisation and government lifecycle and how, despite the degree of convergence or divergence in practice currently in place, all administrations have or will go through the same stages of development.

1.8 The structure of this thesis

The thesis is structured in a traditional manner. **Chapter 2** sets the scene for the research by exploring the factors influencing the creation, operation and demise of CPSC structures and using this exploration to develop a number of tentative hypotheses to guide the empirical research undertaken. This exploration is carried out under two distinct headings.

1.8.1 A theoretical review

A range of theoretical perspectives can be adopted to explain how the influencing factors identified operate in practice to shape the nature of CPSC. On first review, an approach drawn from historical institutionalism and its concepts of path dependency and critical junctures might appear fruitful; however this approach, as suggested by Gorges (2001), fails to take a sufficiently systematic approach to the explanation of the conditions under which the impact of endogenous and exogenous factors on both structure and agency bring about change. In other words, historical institutionalism is not always well equipped to adequately explain the dynamics of organisational change. Instead the work of Christensen and Peters (2003) is used to help interpret organisational change by adopting a framework that

¹⁹Scottish Political Studies Association Postgraduate Conference, 2005; ESPAnet Young Researchers Workshop, 2005; Public Administration Committee Annual Conference, 2005; PSA Specialist Group in British and Comparative Territorial Politics Conference Belfast, 2006; Public Administration Committee Conference, 2006.

examines the impact of instrumental actors, changing culture and exogenous deterministic 'myths'. This is set in a more dynamic context of lifecycle, of the government and of the organisation to take account of the impact of time. While the governments under review, particularly the DAs, are relatively new, already stages of the lifecycle can be identified. This approach seeks to bring together ideas from organisational analysis more usually related to the business world with Archer's (1996) morphogenetic approach to give adequate consideration of structure, agency and culture. The overarching idea arising from this review is the impact of the lifecycle and its presence as a dependant variable when analysing both CPSCUs and the government within which CPSC is situated and developed.

This research is based within the context of the devolved UK polity. Therefore Chapter 2 also seeks to identify insights from the early years of devolution. The desire of the Blair government to centralise appears to conflict with the introduction of devolution. Many commentators agree that the introduction of devolution was an attempt to defuse nationalist demands. As a response to a political problem the government were forced to move quickly but, as noted by Giddens (2002:43), the government were reluctant to accept the movement of power away from Whitehall and seemed '*unprepared for the assertions of autonomy that ensued*'. Stoker (2002) presents a more positive (or cynical) view when he argues that New Labour policy on devolution is a deliberate muddle to enable innovation and create a dynamic for change. However the presence of contradictory forces consisting of the politicians in the DAs who were keen to do things differently and the home civil service who remained within the Whitehall paradigm could be a recipe for stalemate rather than for creative tension.

As devolution in the UK is a new and significant development, it has been analysed separately in Chapter 2 in order to identify the new insights that the early years of devolution can provide.

1.8.2 A historical review

Starting with the publication of the Northcote-Trevelyan report in 1853, a historical review of the structures and processes in place throughout the 20th century to provide the UK PM with CPSC enables the identification of recurrent factors that influence the creation, impact and transformation of CPSC. This review concentrates on the lessons to be learned from the experience of Whitehall; it does not seek to explore pre-devolution arrangements in the rest of the UK which tended not to offer the opportunity for the creation of CPSC. Its main purpose is to identify the main factors that have influenced CPSC in the past.

Chapters 3 – 6 contain the outputs of the empirical work undertaken. Each chapter focuses on an administration, the UK government, Scotland, Wales and Northern Ireland respectively, and presents an analysis of the development of CPSC since the coming to power of New Labour or since devolution using the framework for analysis developed in Chapter 2.

Chapter 7 draws together the key findings from each administration and, again using the framework developed in Chapter 2, analyses the lifecycle, answers the initial research questions, addresses the overall aims of the research and looks forward to potential further areas of research to further enhance knowledge in this area.

2 Understanding the development of CPSC in the UK

2.1 Introduction

The aim of this chapter is to describe the analytical framework for this research and how it was developed. It forms the link between existing theory and literature, the empirical work undertaken and conclusions drawn. Forming this link situates the outcomes of the research in the existing literature and highlights where it makes a contribution to current debates in the areas of government, organisational change, strategy development and the civil service. This chapter summarises the diverse strands of thought that informed the empirical work undertaken and brings together aspects of different literatures to form the analytical framework. It uses four distinctive areas of enquiry to formulate a series of research questions and hypotheses to shape the nature of the empirical research. Underpinning these areas of enquiry is the concept of lifecycle, in terms of the lifecycle of the government as elaborated in Chapter 1.

The starting point in this chapter is an exploration of the purpose of CPSC within the broader context of modes of government. Individual governmental structures and institutions form part of a wider model of government, the nature of which is subject to constant debate. Elements of this debate in recent years have included the emergence of a presidential style of PM, the ability of the government control or steer policy, the rise of governance, the issue of joining-up government and the increasing complexity of modern government.

CPSC might be expected to play some role in the ability of a government to develop their chosen model of governance. This use of strategic capacity is particularly relevant within the context of borrowing from the private sector normalised by the introduction of New Public Management. Therefore, this research engages with the current debate around the nature of government by using the forms and operations of CPSC to provide some evidence to support the existence of differing modes of governance adopted by central government at particular points in the government lifecycle.

Using the concepts underpinning Mintzberg et al's (1998) configuration school of strategy, government aims will change at different points in the lifecycle. Therefore the aims of government at each stage of the lifecycle form the next row of the analytical model introduced in Chapter 1.

CPSC consists of a series of structures and activities. The next section of the chapter is an examination of how such activities might be categorised. Elcock's (2001) examination of the

support required by leaders leads to the development of a classification model that identifies CPSC as a device to improve strategic decision-making which operates in different ways at different stages of the CPSC lifecycle. This facilitates future comparison and analysis. At this point, detailed description of each administration is eschewed; the classification and accompanying description are fleshed out in the empirical Chapters 3 to 6. Instead the lifecycle of the CPSC unit itself is added to the analytical model along with the activities of CPSC dominant at each stage of the lifecycle.

The third section of this chapter focuses on institutional change. While recognising that different modes of governance and different CPSC activities may be found at each stage of the lifecycle, this does not explain how change comes about as the lifecycle progresses. Looking at previous trends can help identify the factors influencing change (as shown in the fourth section of this chapter) but it does not explain the mechanisms of change, of how such factors operate to produce change, how they interact or how they are influenced by exogenous and endogenous factors. To develop a deeper understanding, it is necessary to look to some theoretical models of change and the interaction between potential causal factors and the external environment. Therefore a review of existing theories on change arising from political science and organisational literature and a consideration of how to engage with the long-running structure-agency debate form the third part of this chapter. This provides the final row of the analytical model for this research: the change mechanisms adopted at each stage of the lifecycle.

The next section of this chapter considers the principal factors influencing change. CPSC is not a recent development. Throughout the twentieth century, many UK PMs have established structures and processes to create their preferred method of analytical support. Any analysis of current structures would be incomplete without examining the past to seek examples of historical precedent or pattern. Therefore the fourth section of this chapter contains a historical review of the last 150 years, examining developments in CPSC and looking for patterns or trends. This approach fits with that of the historical institutionalists who are interested in policy change within broadly stable institutions (Barzelay, 2001:53) such as the UK government in historical terms. This review seeks to describe factors influencing change and to identify potential critical junctures, as defined by Gorges (2001), as points at which major institutional change is possible. From this review, leadership, ideology and events emerge as recurring and significant causes of change.

Historical progression in terms of UK government has been set on a different trajectory by the advent of devolution. Hence the fourth section of this chapter also contains an

examination of devolution and the factors influencing divergence or convergence in modes of government and institutional development.

Bringing these strands together in the form of an analytical framework forms the final part of this chapter. This leads to the development of research questions and hypotheses. These research questions and hypotheses are based around traditional research questions of what, why and how involving an element of description, an element of analysis and finally an element of evaluation. These research questions and hypotheses drive the empirical part of this research and form the basis for the findings and conclusions reported in the final chapter.

2.2 What is the purpose of CPSC?

New Labour, under Tony Blair, has gained a reputation for centralised control over the production and presentation of policy exemplified by the establishment of CPSC structures such as the PMSU and the No.10 Policy Unit and the increased use of expert advisers alongside a neutral permanent civil service. As already noted in Chapter one this approach was no surprise having been flagged in advance by Mandelson and Liddle (1996) amongst others. Foley (2000:310) states that the PM aimed to strengthen the centre of government to support himself while formulating and driving forward strategy for the whole of government. Different interpretations of Blair's intentions can be identified. The establishment of the PIU in Whitehall arising from a recommendation of Sir Richard Wilson (ex Cabinet Secretary) could be seen as the creation of an '*honest broker*' or the PM's '*chief whip in Whitehall*'. Turnbull (2002), on taking over from Wilson, noted that centralisation within the Cabinet Office was required to enable the PM to exercise central control, which moves the Cabinet Office from an '*honest broker*' role to a '*corporate headquarters*' model with a central policy development role (Rose, 2001:42). This is in sympathy with Heffernan (2003) who comments that the more personal and institutional resources the PM can access the more powerful he will be. Likewise Burch and Holliday (1999) conclude that the centralisation of resources in No.10 Downing Street and the Cabinet Office is part of a long-term trend which extends the potential for central actors to exercise control.

Alternatively, centralisation of policy analysis or strategy development could be seen as an attempt to join-up government thinking and policy-making. Flinders (2002) identifies joined-up government as a response to modern problems of governance and as a realistic acceptance of the problem. New Labour identified the need to deal with complexity by attempting to join-up policy thinking in order to increase understanding and to improve policy delivery. CPSC is one way for the centre to act as an '*honest broker*' to co-ordinate across departments to address '*wicked issues*'. Such issues are too complex to be addressed by

single departments or by the centre on the basis of personal knowledge or intuition. Therefore joining-up and co-ordinating policy is a rational response to the inadequacy of intuitive government. But this requires further resources to enable the political leader to move beyond intuition. Hence the presence of a resource such as CPSC which assists the political leader to make better strategic choices or offers evidence to support the decisions made, adds to the possibility of achieving joined-up government.

Another possibility is that the centralisation of policy is a response to the reduced capacity of the centre to steer, i.e. hollowing-out (Rhodes, 2000:11). This reduction in capacity to steer could be said to arise from devolution downwards to Scotland, Wales, Northern Ireland and the regions, upwards to the EU and outwards to the market. Elcock (2001:7) noted the paradox of the Thatcher years whereby centralisation of control over the state was necessary to devolve power to markets and customers, a situation still relevant for the New Labour government. Only now the presence of devolution has introduced yet another layer of fragmentation to the unitary state. Rhodes et al (2003:157) characterise attempts by New Labour to strengthen the centre of government as an admission of failure and an indication of weak central government. Therefore the strengthening of the centre could be a rational response to the power of devolution and other external factors and a sign of central government asserting its strength, although as noted, for example by Bakvis (1997:85), we cannot say with any certainty whether the establishment of structures aimed at centralising policy strengthens or weakens the capacity to steer. However this is not the place to expand this debate. Suffice to say that the use of CPSC as a device to strengthen the centre as a response to a reduced capacity to steer is an option that should not be discounted.

Commentators cannot agree on the nature of the Blair government. Is it presidential; has the core weakened; has it lost the capacity to steer? Throughout its life, has the government attempted to adopt different approaches? It might be hypothesised that different approaches to government could be best suited to certain phases of the lifecycle. In this case some tentative suggestions have been included in Table 7. The empirical work in Chapters 3 to 6 will help to confirm these suggestions.

Table 7: Mapping government aims onto the lifecycle

Lifecycle of government	Elevation	Embedded	Establishment	Enfeeblement
Government aim	Centralisation for control	Co-ordination of complexity	Steering to fight hollowing-out	Centralisation for control

2.3 What is CPSC?

2.3.1 Overview

While it is possible to adopt a descriptive approach to answering this question, such an approach is less useful for comparison or for analysis. Therefore this section characterises CPSC as a supporting device for the political leader in line with Elcock's (2001) examination of the apparatus of leadership where he identifies the need for '*devices to improve the decisions leaders make*' (2001:149). Drawing on the work of Schon (1971:5), Elcock categorises these devices under three headings, those intended to reduce uncertainty, to develop creativity and to ensure collective learning. While Elcock does not suggest that CPSC is the provider of each of these 'devices', they provide a useful set of categories for classifying the work undertaken by CPSC. At any point in time, one, two or all three of these categories may be operational. Although not presented in this way by Elcock, there is, arguably, an interaction in these three categories; for example, a government that is haunted by uncertainty may be unwilling to foster creativity. Given the development, maturity and decline of a government throughout its political lifecycle, it might be expected that it will work its way through each of these roles during the course of their term(s) in office. The aim of this section is to briefly describe what is meant by each of Elcock's categories and how that might look for CPSC.

2.3.2 Reducing uncertainty

Any government on coming to power will probably start off by focusing on reducing uncertainty. Friend and Hickling (2005:9)²⁰ in their work on strategic choices identify three ways in which uncertainty can be conceptualised and possibilities that arise from this conceptualisation:

1. Uncertainty about the environment, requiring more information – creating possibilities for investigation, research, survey, analysis and forecasting.
2. Uncertainties about guiding values, needing clearer objectives – creating possibilities for policy guidance, clarifying aims, setting priorities and involving others.
3. Uncertainty about related decisions, needing more co-ordination – creating possibilities for liaison, planning, negotiation, broader agenda.

Looking at the progression of the New Labour administration in Whitehall as an example, it is possible to identify the presence of all three types of uncertainty. The initial emphasis of

²⁰ The first edition of this work was published in 1987. The third edition was used in this thesis.

the UK government on evidence-based policy as typified by Blunkett's (2000) oft quoted speech to the ESRC where he commented that '*Social science research evidence is central to development and evaluation of policy...*' and the use of research, analysis and forecasting operationalised by the PIU, grounded in the evidence-based policy paradigm, suggests uncertainty about the environment and the need for additional information and research. To help reduce uncertainty also requires forward thinking and planning. This was a task of the original PIU, even more strongly emphasised by the creation of the FSU. The creation of these initial structures and the emphasis of their original workload supported a political leader who adopted a managerial style of government based on planning, targeting and hierarchical control. To carry out this role successfully requires the CPSC to maintain the support of the leadership even if they offer unwanted advice, and to carefully balance a degree of detachment from current policy concerns with an ongoing awareness of political realities in order to produce recommendations that are readily acceptable. The PIU and PMSU in its earlier days were required to deliver practical solutions to problem areas of policy in a managerial context where a somewhat linear approach was adopted. Evidence of this approach can be seen not only in Whitehall, but also in the SE and its original Policy Unit, now SU and the NIA and the EPU. In Wales, uncertainty was present but after the resignation of Alun Michael, concepts and methods of hierarchical control may have changed.

The second sort of uncertainty, uncertainty regarding values applied to the earlier stages of the New Labour project where it appeared that the government struggled to articulate a clear set of values and objectives to underpin policy development. The development of such values and objectives could be considered to be a political task although the presence of CPSC offers the potential to challenge current thinking by providing real alternatives outwith the established government paradigm. This involves the ability to present, often unorthodox, ideas in a way that stimulates the development of new policies or approaches. This requires strong support from the leadership, the maintenance of close contact with the rest of the organisation and the ability to identify and use expertise outwith the organisation. A leader who is looking for new ideas and is not afraid to try out new approaches would wish to make such use of CPSC. This would be typically a leader in an unassailable position with limited opposition. Elements of this role can be identified in the production of think pieces by the PMSU in Whitehall and the production of futures work by the PMSU in Whitehall and the SU in Scotland whereas a more political approach can be seen in the articulation of values produced in Wales.

Friend and Hickling's (2005) third type of uncertainty, co-ordination, involves the joining-up of government policy either to support improved delivery or to help the political leadership to create a coherent narrative. Any unit involved in this work must work closely with other departments and be engaged with the practical issues of delivery. To achieve success, it will also require support from a wider range of political leaders than just the PM or equivalent and will have to demonstrate its usefulness to other departments. This role is likely to be favoured by a leader who wishes to maintain an overview of policy and to ensure that policy outputs are optimised but who recognises the multi-faceted nature of many problems and the limitations of central control.

2.3.3 Developing creativity

Given the increasing complexity of the modern world, the persistence of seemingly insoluble problems, and the increasing rate of change, governments are looking further afield for sources of policy advice that can look beyond short-term political timescales. This can be achieved by using sources external to government such as think tanks or universities or by bringing into government outsiders with a range of expertise. Creativity also has a second strand, the ability of the organisation to foster a creative environment that seeks and supports new ideas.

CPSC allows governments to create an internal structure somewhat separated from the day-to-day political concerns of the remainder of the civil service which can take the lead on longer-term planning and can also become a centre of expertise on the sources of knowledge available. It also enables governments to establish a repository of good practice relating to creativity, and the use of alternative methods and sources in policy development. By keeping this capacity in-house, it can make the best use of existing expertise supplemented by outsiders when required. CPSC in Whitehall, the SE and NICS and the WAG, to a lesser extent, have all expanded this role. This is particularly important for the DAs where external sources of creativity may be more limited.

2.3.4 Collective learning

Any government that professes to use evidence-based policy must also be concerned with collective learning. Obtaining feedback on policy outcomes and using such feedback to inform future policy development is integral to collective learning. However governments have not always adopted such approaches, preferring to identify feedback through the electoral process. One of the potential roles of CPSC is that of co-ordinating feedback and disseminating the wider lessons to be learned. It could also be involved in helping to create a culture responsive to collective learning. This is potentially the area least developed in any of

the CPSC reviewed in this thesis. Elements of the work of CPSC in each administration could be said to contribute to collective learning, as could cross administration meetings and visits however this has not appeared to be a principal role of any of the units.

2.3.5 Fire-fighting

A final role for CPSC is that of 'fire-fighting'. While not a planned role, it is one that can take over in times of crises. In this mode, CPSC is focused on short-term political concerns with little time or resource to devote to longer-term thinking and planning. While in fire-fighting mode, where speed is often of the essence, the unit will also be impeded from offering controversial opinions or straying far from the 'party line'. If this role is adopted, the CPSC has essentially lost its unique character. It is now doing what the rest of the government machinery routinely does and has lost its ability to offer a longer-term or a more creative perspective. This situation is likely to arise where a government leader has to deal with an unusual or unexpected crisis, is facing tough opposition or is lacking a strategic approach to policy formulation. Fire-fighting can be seen at various parts of a government cycle but most commonly at the very beginning and the very end as a government or a leader fights to establish itself or to cling to power.

2.3.6 Adding CPSC to the lifecycle framework

The above discussion offers a framework for classifying the work of CPSCUs enabling comparisons to be made across administrations. CPSCUs, as organisations, evolve through a series of lifecycle stages independently of the government lifecycle. So, although the government lifecycle acts as an external framework within which CPSCUs operate, as entities themselves CPSCUs, like any organisation, will work through a lifecycle of their own. To characterise this lifecycle, the best models to adopt come from the business world. It seems appropriate to borrow from this world as CPSC is increasingly characterised as a part of the 'corporate centre' of government and in its internal structures, resources and ways of working bears less resemblance to the traditional bureaucratic models of government administration. Using the lifecycle models suggested in Section 2.2, particularly that of Johnson and Scholes, drawn from business literature, a four-stage model with stages of create, restructure, institutionalise and reinvent appears appropriate. These stages allow for: the initial setting up of the CPSCU and its initial tasks and successes; the tensions that build as the organisation grows and diversifies and the top down control of the founders is weakened; a phase of some inertia with related developments and incrementalism favoured; and reinvention where the organisation is failing and must adapt to external or internal pressures. It is likely that success for the CPSCU and its survival will depend on ensuring

that its lifecycle development is in tandem with that of the Government; if they fall out of sequence CPSCUs are less useful to the government. At different stages of the governmental lifecycle and the organisational lifecycle, different objectives attain prominence. Table 8 adds two additional elements to the lifecycle model. The first is the suggested lifecycle of the CPSCU if it is to fit with the government lifecycle. The second is the predominant objective of the CPSCU: these will be explored in the empirical Chapters 3 to 6.

Table 8: Adding the contribution of the Strategic Unit

Lifecycle of government	Elevation	Embedded	Establishment	Enfeeblement
Government aim	Centralisation for control	Co-ordination of complexity	Steering to fight hollowing out	Centralisation for control
Lifecycle of the CPSC unit	Creation	Restructure	Institutionalise	Reinvent
Objective of the strategic unit	Reducing uncertainty	Reducing uncertainty Developing creativity	Developing creativity Collective learning	Collective learning Fire-fighting?

2.4 How do institutions form and change?

To theorise the development of CPSCUs across the UK, a number of perspectives can be adopted. For example, an approach drawn from historical institutionalism and its concept of path dependency and critical junctures might be considered appropriate; however as an explanatory framework, it deals inadequately with the dynamism of change within modern government structures and organisations such as CPSCUs. Such structures are not ‘*broadly stable*’ and, as suggested by Gorges (2001) institutionalism fails to take a sufficiently systematic approach to the explanation of the conditions under which the impact of endogenous and exogenous factors on both structure and agency bring about change. Organisations exist within an external context. Government, as an organisation, is situated within the environment created by the interplay of political, social, economic and technological factors amongst others. But organisations are also subject to internal dynamics based upon the interaction between people and processes, and rules and structures. Change in an organisation can only be fully understood if the impact of these contingency factors (Mintzberg, 1979) is analysed.

An alternative approach to understanding change is suggested by Christensen and Peters (2003) who try to achieve a better balance between the structure dominated approaches offered by historical intuitionism and the possibility of deliberately designed change implemented by relevant actors. They identify three different theories of institutional change.

Change can be driven by instrumental actors (March (1994) in Christensen and Peters (2003)), by means of hierarchy or by negotiation. Alternatively change can be seen as a process of cultural development whereby informal norms are institutionalised changing the traditional norms and values of the organisation through the special role of the leader (Selznick (1957) in Christensen and Peters (2003)). Finally change can be driven by the presence of organisational ‘myths’ arising in the external environment which have a deterministic effect on the organisation. Christensen and Peters (2003) conclude that such alternative theories should be used in a complementary rather than a competitive fashion.

How might we interpret change in the CPSCU? One argument is that Christensen and Peters’ (2003) theories of organisational change are all relevant depending on the political, electoral or economic lifecycle of the government and the organisational lifecycle of the CPSCU.

With the lifecycle model developed so far, it appears likely differing priorities, structures and strategies will be adopted by the organisation or government depending on where they are positioned within their lifecycle. To elaborate, Blair’s government, like the preceding Conservative administration could safely rely on more than one term in office. This knowledge changed the focus of government. While still having to cater to the demands of the four or five year electoral cycle, it was also able to look to the longer-term. Hence the political and hence the policy lifecycle has lengthened. Similarly, in recent years the economic cycle has stabilised. These changes make it more likely that governments will adopt different approaches to change throughout the lifecycle while making it more important that, as suggested by Christensen and Peters (2003), a complementary rather than competing set of tools are used to analyse the different phases of the lifecycle.

This concept of a deterministic lifecycle offers another lens through which to view the impact of events on CPSC change. Thus coupled with Christensen and Peters’ (2003) typology of institutional change theories it adds a further layer of understanding to how and why CPSC changes. By mapping the unfolding of the lifecycle and identifying the institutional change theory in action at various points throughout this lifecycle it should be possible to gain a greater understanding of the nature of change. However, this approach may pay insufficient attention to the, often subtle, impact of ideas or culture. Archer’s morphology and dialectical approach as described by McAnulla (2002) amongst others, also seems to have something to offer this debate. The interaction between structure, agency and cultural impacts brings about change that can only be studied over time. In this model, structural conditioning forms a context while social interaction enables actors to affect change, or no change, within this context. At the same time, structural conditioning interacts with cultural conditioning to bring about change, or no change, simultaneously. This

approach places emphasis on the power of actors to affect change or not as they wish while taking account of both structural and cultural factors: what might be possible, more likely and ideological acceptable.

To encompass these ideas, another strand concerning change mechanisms must be added to the developing lifecycle model as shown in Table 9.

Table 9: Change mechanisms over the lifecycle

Lifecycle of government	Elevation	Embedded	Establishment	Enfeeblement
Government aim	Centralisation for control	Co-ordination of complexity	Steering to fight hollowing-out	Centralisation for control
Lifecycle of the SU	Creation	Restructure	Institutionalise	Reinvent
Objective of the strategic unit	Reducing uncertainty	Reducing uncertainty	Developing creativity	Collective learning
		Developing creativity	Collective learning	Fire-fighting
Change mechanisms adopted	Instrumental	Dynamic	Incremental	Revolutionary
	Related developments preferred	Revolutionary	Related developments preferred	Divestment
	Agency dominates	Structures dominate	Culture dominates	

2.5 Factors influencing the development of CPSC

2.5.1 Lessons from history

Having looked at the purpose of CPSC by examining literature based on the functioning of government and developing a framework for classifying its work based on literature around business lifecycles, political leadership and organisational change, this section is concerned with identifying those factors that have given rise to CPSC in the past. Historical institutionalism tells us that history matters, hence it would be remiss not to examine what has gone before. Therefore, this section contains a historical review primarily focusing on Whitehall. Pre-devolution Scotland, Wales and Northern Ireland do not form part of this historical review given the nature of their constitutional position pre-devolution and the limited extent to which CPSC was relevant for regions with limited administrative

devolution²¹. It will commence at the establishment of what might be considered to be the birth of the modern civil service following the production of the Northcote-Trevelyan Report in 1853 and end at the coming to power of New Labour in 1997 and the commencement of devolution in Scotland, Wales and Northern Ireland in 1999. The main aim of this section is to identify key factors that have influenced the creation, operations and transformation of previous attempts at creating CPSC.

Northcote and Trevelyan (1853) in their seminal report identify a number of problems with the Victorian civil service, including the

‘limited opportunities of acquiring that varied experience of life which is so important to the development of character’ (page 5).

They note that it will occasionally be required to fill senior posts with persons who have *‘distinguished themselves elsewhere than in the civil service’* (page 7). They also identify the problems associated with the departmental fragmentation of the civil service and the difficulty of staff adopting a wider viewpoint (page 8). Hennessy (1989:31) noted that Northcote and Trevelyan wanted

‘permanent officers subordinate to the Ministers yet possessing sufficient independence, character, ability and experience to be able to advise, assist and to some extent to influence those who are for time to time set above them’

All of these problems will be instantly identifiable to any student of the civil service but looked at in the context of policy analysis support they raise the possibility that right at the inception of the modern civil service there were already weaknesses that were unlikely to be overcome by the creation of a meritocracy-based bureaucracy. By recommending the appointment of young men at the start of their career and only the occasional appointment of outsiders, Northcote and Trevelyan continued to deny public servants the opportunity to gain experience elsewhere and left open the accusation that the civil service was insular and unwilling to learn from the outside. However Northcote and Trevelyan also set up an ongoing conundrum whereby civil servants were expected to *‘influence’* their Ministers while retaining their subordinate position. This could have the impact of encouraging Ministers to go elsewhere if they felt such *‘influence’* was unwelcome or could cause the civil service to jealously guard their prerogative in offering advice. Either way, the creation of a rounded corps of policy advisers was not helped by the recommendations of this report. This set a precedent for the civil service to be the sole provider of advice to Ministers and

²¹ The unique situation of Northern Ireland since 1922 is not addressed.

also put in place the role of the civil servant as an adjunct to the Minister and not as an independent creator of 'strategy'.

Jones (1987:41) notes that in the period from 1860 to the 1900s, the PM was helped by a mixture of '*personal, political and official aides*' all resident at No.10 for the duration of the PM's period in office. While civil servants looked after the more routine business, the PMs appointed private secretaries, generally political supporters, who could act in a number of roles culminating in becoming the 'alto ego' of the PM. Between 1900 and 1916 this arrangement generally continued although the division of labour between different members of the PM's staff became clearer and the Principal Private Secretary, a political appointee, was recognised as the head of the office (Jones (1987:41). Thus the respective roles of the civil servant and the political adviser were further solidified. However in this period up until 1916 there was yet to be a centralised centre for the provision of policy advice directly to the Prime Minister. The reasons are likely to be manifold but the scale of the government's operations is one potential reason. At this stage the degree of control, complexity and co-ordination of domestic policy, required by modern government did not exist. The governmental model in place at this stage could be characterised as the Westminster model and during this period in history, power lay with the Cabinet (Burch and Holliday (1996:12). Change in this period, if it occurred, was of an evolutionary nature (Burch and Holliday, 1996:9). In terms of lifecycle, it was an organisation cycling through the elevation/establishment phases. Phases of embedding and enfeeblement were passed over as the nature of the constitutional model in place offered little opportunity for the government to bring about organisational change and did not encourage the impact of external factors to be recognised.

From 1916 onwards, change occurred at the centre of government driven by Lloyd George. Daalder (1963:50) notes Lloyd George established a PM's secretariat alongside the Cabinet Office. The PM's secretariat was the first example of a centre of policy advice reporting directly to the PM (Jones 1987:42). The Cabinet Office was tasked with servicing the Cabinet and co-ordinating government but, as noted by Jones (1987:43), its advice was often '*indistinguishable*' from that provided by PM's secretariat. This secretariat became known as the '*Garden Suburb*' based on its location in the garden of No.10. This group was headed by Professor W.G.S.Adams and staffed by younger people who '*had not risen through normal civil service channels*' (Daalder, 1963:50). The role of the Garden Suburb was to provide Lloyd George with policy advice, to comment on departmental proposals and chase progress on policy implementation (Blackstone and Plowden, 1988:2). There was some disquiet at this development. While it was emphasised at the time that the secretariat had to work

through Departmental Ministers, contemporaries considered that the PM was reliant on the advisors in his secretariat instead of his Cabinet Ministers. Daadler (1963:57) comments that Lloyd George was wont to use the press, foreign heads of government, social groups and personal favourites to take action over the heads of the Cabinet and the House of Commons (an approach that appears very familiar to a modern spectator of Westminster and Whitehall). Blackstone and Plowden (1988:2) consider that this innovation was in line with Lloyd George's centralising style. It could also be considered appropriate in the context of the time. The First World War required a more interventionist style of government than that previously practised, although the institutional infrastructure and bureaucracy required to support the expansion of government was not in place. Lacking the time (although not the interest) in overhauling the machinery of central government, it may not be surprising if Lloyd George took a short-cut to obtaining policy advice. In terms of a lifecycle approach it would appear to fit with the elevation phase where centralisation is the aim of the government, where agency in the person of the PM is dominant and an instrumental approach to change is preferred. Some support for the concept of path dependency is also laid down at this point as the split in resources between the Cabinet Office and the Prime Ministerial secretariat introduced by Lloyd George has continued to this day and some of the ambiguity regarding the current role of the Cabinet Office and the No.10 Policy Unit can be traced back to the establishment of these structures.

Following the election of Bonar Law in 1922, the Garden Suburb was abolished and the PM's secretariat disbanded. The co-ordination of the civil service was handed over to the Treasury after the First World War, and, as noted by Duggett (1997:5), the Cabinet Office evolved into a central department alongside the Treasury.

The recommendations of the Haldane Committee on the Machinery of Government produced in 1917 on the need for the '*organised application of thought, as preliminary to the settlement of policy....*' were ignored (Blackstone and Plowden 1988:3). The PM used the newly formed Cabinet Secretariat primarily for co-ordination and administration purposes. No centralised policy analysis capacity was maintained. Burnham and Jones (2000:186) note that while Lloyd George's Garden Suburb was probably effective, it was too strongly associated with the general tactics adopted by Lloyd George to enable it to gain popularity. For this reason, successor PMs found it impossible to introduce a similar arrangement unless carefully disguised. This could be partially the reason that governments throughout the 1920s and 1930s relied on the Cabinet and senior civil servants for policy advice and analysis. Bakvis (1997:113), however, contended that it was the unusual situation of the two world

wars which forced PMs to bring in outsiders, while in both the post war periods; the PM reverted to relying on civil servants.

This position appears to be partially supported by Churchill's use of his statistics section during the Second World War. This consisted of a group of around twenty staff drawn from various backgrounds that supplied Churchill with statistical and other advice. This group did not survive the demise of Churchill in the 1945 elections. It had not enjoyed a good relationship with the civil service; in fact its head Lord Cherwell was considered to '*detest*' civil servants (Brownstone and Plowden, 1988:5). Commentators also noted that this structure suited Churchill who, like Lloyd George was an '*interventionist, authoritarian Prime Minister*' (Brownstone and Plowden, 1988:5). This indicates that it was not just circumstances that led to the creation of a centralised source of advice but also the personality and leadership style of the PM.

In 1945, Attlee came to power. In opposition he had given much thought to the relationship between the centre and the departments and the structure and function of the PM's office and the Cabinet Office. Attlee commented that the PM needed a '*well-equipped and diversified staff at the centre*' to develop the main thrust of the policies to be carried out in the departments (Attlee (1937) quoted by Hennessy (2000:155)). He differed from Lloyd George in wanting his central policy capacity to be headed by a civil servant rather than an outsider. Attlee's ideas on reform were never completely implemented. Economic problems, the cold war and inter-ministerial conflicts interfered with institutional reform. In 1947, Attlee established a Central Economic Planning staff comprised of a mix of insiders and outsiders to service an Economic Planning Board consisting of Whitehall, employers and trade unions (Hennessy, 2000:165). This development helped Attlee to cover his own lack of knowledge of economics, a great weakness at this time when the overriding concern of the government was economic development. This group eventually moved into the Treasury leaving the PM with no centralised policy analysis capacity (Blackstone and Plowden 1988:5). Attlee's experience highlights the impact of events on the potential for structural or process reform although this was an era of great policy change.

The next phase of development in centralised policy analysis capacity occurred in the era of Macmillan in the late 1950s. Macmillan reorganised his private office to help him initiate policy. He established a 'court' consisting of a mix of civil servants and outsiders. Macmillan retained a degree of scepticism about experts. Beloff (1963) quoted in Hennessy (2000:270) quoted Macmillan on this topic,

'We have not overthrown the divine right of kings to fall down below the divine right of experts'.

In the end Macmillan, like Attlee, was overtaken by political events and was unable to follow through his modernising instincts (Hennessy, 2000:262). However his distrust of experts may also have hindered his ability to create a lasting policy analysis capacity and may indicate a leader still operating within the traditional Westminster paradigm.

Wilson operated with his 'Kitchen Cabinet', a group of advisors including the infamous Marcia Williams. Hennessy claims that this group, containing a large number of left wing MPs had little influence on policy (Hennessy, 2000:294). However Wilson also appointed two economic advisors who could be said to form the nucleus of a PM's policy unit between 1964 and 1970. Overall though, members of Wilson's government commented on the lack of institutional provision for policy development (Hennessy, 2000: 305).

Heath came to power with a real interest in modernising government and ensuring that it developed strategic vision. According to William Waldegrave, quoted in Hennessy (2000:344) Heath valued the process of serious policy analysis more than past policy or manifesto commitments. His 1970 White Paper, *The reorganisation of central government*, was the first serious look at the operation of Cabinet government since the Haldane report in 1917. Amongst the recommendations of this paper were the

'creation of a small multi-disciplinary central policy review staff in the Cabinet Office, at the disposal of the government but under the supervision of the Prime Minister'.

Cmnd (4506, 1970)

Such a unit was to focus on assisting government with the production of better policy. This led to the establishment of the Central Policy Review Staff (CPRS) which was initially regarded as a useful addition to the machinery of government (Blackstone and Plowden (1988:10).

'Conviction politicians tend not to be overly fascinated by the quality of policy analysis'.

Hennessy, (2000:337).

This may sum up the attitude of Thatcher to centralised policy analysis. Thatcher governed on the basis of ideology. She was interested in managerial and delivery reforms but in line with her belief in rolling back the state, she eventually abolished Heath's CPRS in 1983. Thatcher felt that the technocratic approach adopted by the unit was irrelevant to her view of the modern world (Hennessy, 2000:423). Blackstone and Plowden (1988:186) concur, noting that the CPRS lost their way in their final year as the unit became staffed by technocrats and

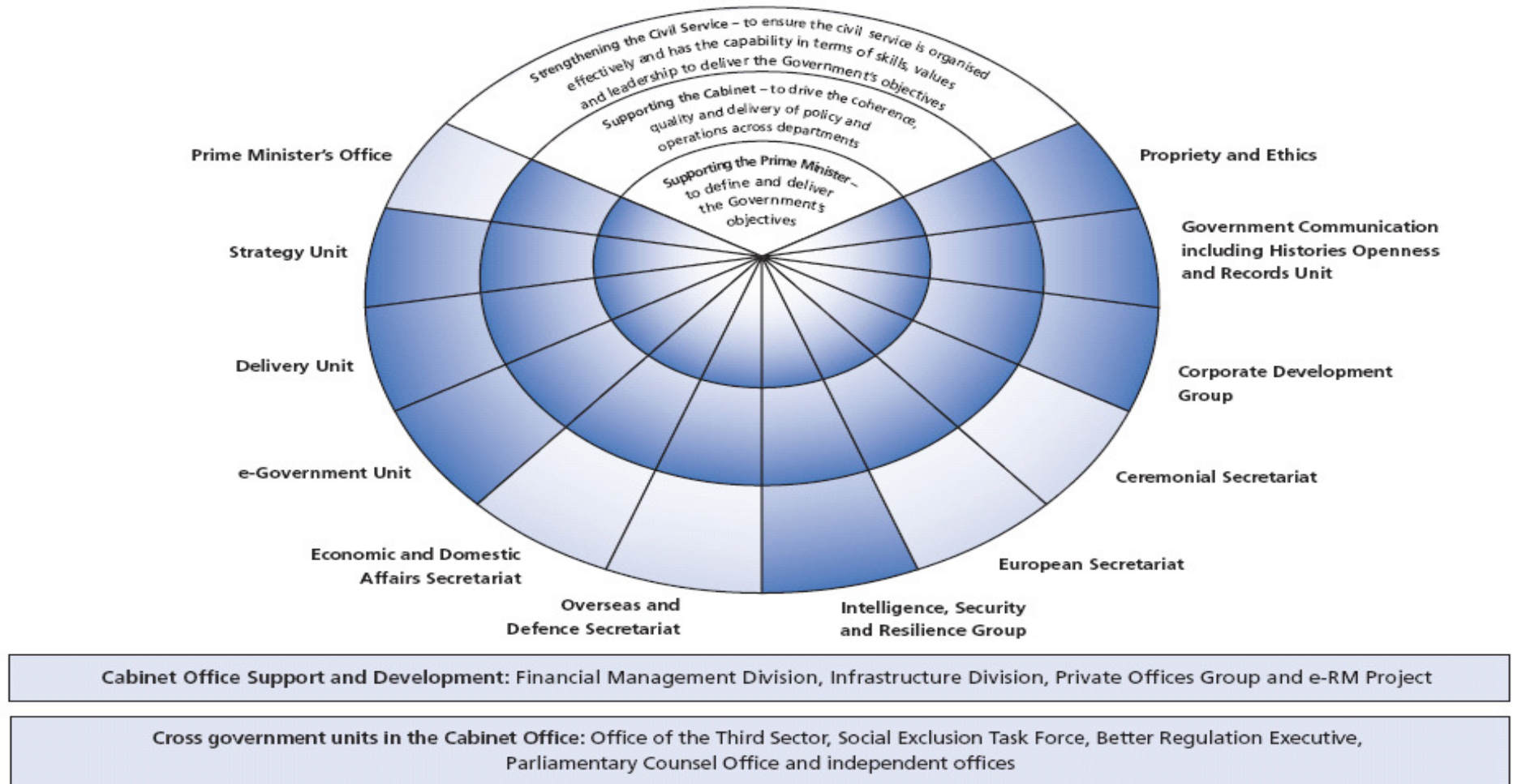
lost the ability to develop creative ideas. It lacked purpose and direction (not surprising if it did not have the support of the PM or other Cabinet Ministers). In the context of lifecycle analysis it appears that the CPRS worked through the four stages of its lifecycle but was unable to reinvent itself successfully to the presence of a new leader and changing external influences.

Instead Thatcher built up her Policy Unit, a group of experts who shadowed elements of Whitehall work on issues such as the economy and promoted Thatcher's policies throughout Whitehall. Initiative for the development of new policies returned to individual departments (Bakvis, 1997:114).

Blair, as already noted has adopted a directive approach using the No.10 Downing Street and the Cabinet Office to develop strategic direction and using a Cabinet 'enforcer' to ensure that Ministers follow that direction. Kavanagh and Seldon (1999: 270-289) note that No.10 sought to gain a strong grip on the government machine by centralisation, involving institutional innovations and increased resources for the Cabinet Office and No.10. An examination of the reorganisation of both the Cabinet Office and No.10 Downing Street since 1997 readily demonstrates the extent to which the centre was strengthened through the creation of new units such as the PMSU and the DU and the 'merger' in thematic terms, of the units and the Secretariats of the Cabinet Office with the PM's Office as shown in Table 10 on the next page. Within No.10 Downing Street itself, the merger of the private office and the policy unit, the creation of new units and the appointment of high profile special advisers working in line management roles with civil servants also highlighted the extent to which the PM sought to tighten control over the central machinery of government.

What does this brief historical review show? Superficially it appears that the centralisation of policy and strategic capacity can be linked to the style of the PM. Those PMs famous for their controlling tendencies such as Lloyd George, Churchill and Blair are good examples. Each of these has used their centralised capacity to attempt to steer at times around or behind their cabinet. But what about Heath? In his case the centralisation of policy and strategic capacity appears to have arisen from a genuine desire to apply a rational approach to policy development that transcended departmental squabbles. This could be interpreted as an attempt at joining-up or steering. Central policy units and strong ideological convictions do not make easy bedfellows as demonstrated by Thatcher. In Thatcher's case CPSC that produced objective work would have hindered her tight control over policy based on her ideological convictions.

Table 10: The Cabinet Office structure and target chart



Source: Cabinet Office Website 2006. Accessed 12 September 2006

Such an analysis indicates that the personality and ideology of the leader can override path dependency and the consequences of earlier events, although earlier events may influence how the leader chooses to go about introducing change. In this case agency has more influence than path dependency might allow. Drawing on the work of Mahony (2000) on typologies of path dependency and institutional reproduction, the above analysis supports the notion of a power feedback mechanism which ensures that an organisation is reproduced if it is supported by elite actors. This brief review of history would further seem to support a view that Mahony's (2000) power feedback mechanism will allow the institution of CPSC to remain overriding the other potential feedback mechanisms identified by Mahony (2000) such as the utilitarian mechanism that claims that institutions will survive if they add value and the functional mechanism that support the maintenance of the institution if useful to the system as a whole. Hence the focus on path dependency and stability put forward by historical institutionalists, based on the influence of previous events, may, in this case, be overemphasised. This contention will be explored in the following chapters.

However the role of events is also a key variable in the creation of CPSC. Initially, it might appear that the peculiar circumstances of the world wars provided the context for centralisation; however centralisation has also happened outside of that context. Again returning to historical institutionalism, this could be conceptualised as the impact of critical junctures whereby change occurs after long periods of *stasis*. But in more recent years change has been constant and has occurred without the presence of critical events. Consider for example the history of the CPRS and its decline from being an influential, successful unit to becoming an irrelevancy. This could be due to the presence of incremental institutional evolution and layering as described by Thelen (2003) where the maintenance of stability is key but why and how does such change occur? Lifecycle analysis would suggest that the trajectory of the CPRS was inevitable as the organisation got stuck in patterns of behaviour and failed to adapt to meet new internal and external challenges.

A historical analysis supports the primacy of leadership and thus agency over structure and questions the nature of events as critical junctures in bringing about change. These propositions will be tested further in Chapters 3 to 6. However another factor, not present in history also needs to be considered, that of devolution.

2.5.2 Devolution and models of administration

The desire of the Blair government to centralise appears to conflict with the introduction of devolution. Many commentators agree that the introduction of devolution was an attempt to

defuse nationalist demands. The commitment of the Labour party to devolution was primarily an attempt to retain the union and as noted by Laffin (2005)

‘over issues in which no knock-on effects for England or for matters under Westminster jurisdiction have been anticipated, the attitude from the centre has been one of what we have called ‘benign indifference’

In other words, the Labour government in Westminster was willing to allow some variation in Scotland or Wales as long as it didn't spill over into creating demands amongst an English electorate. No doubt this is why McLeish's free personal care for the elderly met with such opposition from Labour in Whitehall.

Literature on divergence or convergence post devolution tends to focus on policy outcomes in specific areas rather than on core executive organisation, although a number of commentators have identified factors that impact on the centre. Jeffery (2006) outlines a number of 'institutional logics', factors that lead towards post-devolution divergence or converge in terms of policy preferences. He notes that intergovernmental co-ordination is 'weakly institutionalised' thus leading to a lack of strategic discussion at senior official or ministerial level (Jeffery, 2006:19). He also comments that policy communities in many areas have tended to fracture and to reorganise themselves in territorially differentiated ways thus increasing the pressure for divergence (Jeffery, 2006:21). On the other hand, he identifies a range of forces for convergence including the collegiality of the civil service (Jeffery, 2006:21). These factors point to divergence in the establishment of new policy-making structures driven by a lack of formalisation of approaches with the countervailing factor being the role of a unified civil service which may be breaking down as officials change and new officials are appointed post devolution. In Jeffery's model, such divergence is based on an element of path dependency as he holds that divergence was not uncommon pre-devolution. Adams and Robinson (2002:199) explore the 'forms' of divergence that may exist. In terms of centralising structures, they also draw on notions of path dependency to explain the continuation of pre-devolution understandings which influenced post-devolution developments. However it is hard to trace a clear pathway between pre-devolution centralised policy-making and the current situation, primarily because pre-devolution, this had not been a primary concern of the administrations.

The DAs prior to devolution had not developed their thinking on centralisation and the processes of policy-making as their main focus had been on the delivery of policy decided elsewhere. Loughlin and Sykes (2004) suggest that before devolution Scotland sought to adapt Westminster policy while Wales sought to adopt it. Developments in Northern Ireland did not deviate from the UK civil service except if matters of scale were important (Rhodes

et al (2003:47). As noted by Keating (2002:3-14) all of the DAs were concerned at their lack of policy-making capacity immediately post devolution. As this stage they faced the task of presenting a unified face to an expectant public and developing their policy-making capacity while also dealing with new demands created by the presence of elected representatives. All three adopted a somewhat different approach to dealing with these pressures. The SE attempted to present a corporate focus through its deliberate assigning of ministers to cross-cutting topics and the public presentation of a corporate identity. This was intended to encourage a joined-up approach to overcome the silos present from pre-devolution days. This was also bolstered by the centralisation of support functions. In Wales, the initial approach was based on gaining political support and bolstering the power of the Assembly through bringing public services in-house; the centre has actually become rather more differentiated and arguably somewhat incoherent (Parry and MacDougall, 2005). The development of the centre in Northern Ireland was dictated by the demands of the Belfast Agreement.

In terms of improving policy-making capacity, all three DAs introduced central units at the heart of the core executive tasked with producing or supporting the production of strategic and/or joined-up policy. This element of convergence with the existing Westminster model will be explored in detail with the following chapters; it does not arise from pre-existing conditions or institutions but may offer some evidence in support of a willingness to follow Whitehall where administrative arrangements are concerned. Indeed another example of such convergence is the introduction of a New Labour policy of public service modernisation which, as noted by Parry (2003) was introduced in Scotland and Wales due to the dominance of New Labour;

‘despite devolution, the Party resists attempts to make modernisation a contestable political choice’

If this is the case, then the freedom of politicians in the DAs to innovate in their style of government is controlled by the centre either overtly through political leadership or through the collegiality of the civil service or more covertly through the deterministic impact of lifecycle stages or institutional myths. This may be in contrast with Jeffery’s (2006) notion of divergence based on previous patterns of administrative devolution.

The impact of the formal structures of government and politics in the DAs on their policy-making capacity appears, at least initially, not to have been significant. The devolution settlement for Scotland and Northern Ireland offered a wider range of powers compared to the initial Welsh settlement yet the approach adopted to developing CPSC and the scale of its development, relative to the overall civil service, is similar in all three. The impact of

coalition governments in Scotland and Wales, at the start of devolution, has been on the outcomes of specific policies and not on the administrative or strategic machinery put in place. Likewise the extent to which the concept of inclusivity has been adopted in policy deliberations has little impact on the formulation of centralised structures. All three of the DAs have introduced processes and structures to encourage greater involvement from the public in the policy process but this has not replaced the need for the creation of centralised structures.

However some factors exist that might lead to greater divergence in the work of the centralised unit if not in their structures. Welsh policy-making approaches have been influenced by the breakdown of the original Assembly structure in Wales leading to the creation of a Welsh body resembling Edinburgh and Westminster despite initial intentions (Loughlan and Sykes (2004), Bradbury and Mitchell (2002)). Rawlings (2003:169) comments that the growing maturity of the Welsh Assembly led to consideration of policy-making capacity and gave politicians an excuse to create Whitehall machinery. So the tendency would appear to be for Wales to copy Westminster, although the Welsh Labour party has sought to develop a different ideological perspective to public service delivery, focused on ideas of equity, collaboration and public sector rather than competition and the market. By putting this 'clear red water' between London and Cardiff (Morgan 2002), the role of the centre of government has the possibility of developing differently. In particular its work is likely to be bounded by the 'clear red water' causing it to be more of a servant to the government in suggesting how to implement the political agenda in a relatively prescribed way. As the SE has failed to produce such a clear ideological statement of values underpinning public service strategy and delivery, it still remains open for the CPSC to address the production of a strategic approach to addressing future problems that is based on more pragmatic considerations rather than ideological drivers.

Northern Ireland presents a slightly different picture. The NICS is not part of the home civil service and since devolution policy and administrative divergence are considered to have increased (Rhodes et al. 2003:67). Despite this apparent divergence, the NIA has adopted a centralising model of a First Minister's and Deputy First Minister's Office with policy analysis capacity. However as the establishment of the centralising structures in Northern Ireland were a function of the Good Friday Agreement and the subsequent Northern Ireland Act 1998 and were aimed at satisfying political aims rather than providing for effective government, their subsequent development may not have taken the same trajectory.

Post devolution, debate and discussion on approaches to policy-making became more thoughtful as issues of policy convergence and divergence became a matter of concern. While the creation of CPSC by the DAs could also be seen as an attempt to strengthen central control, in line with the Westminster model, the DAs may also have had other intentions. So what provided the impetus for the development of CPSC in each of the devolved polities? It appears that each was established to provide policy analysis capacity for the leader of their administration distinct from that provided by the departments of government. However the reasoning behind such developments, at least initially, was to build policy analysis capacity which was widely perceived to be lacking.

Unsurprisingly, given that Labour was planning for government some way in advance, current thinking on centralisation and devolution is furthest advanced in Whitehall. However even there, developments have occurred over time as the government's aims and objectives vary and the usefulness of centralisation versus decentralisation changes. This is presented as an ongoing project. The position in Wales appears to be driven primarily by the personal style and ideology of its political leader who is driving the Assembly in a different direction to Westminster while in Scotland the current leadership seems to be caught between articulating a clearly divergent approach (tartan water?) and introducing watered down Westminster reforms in a number of policy areas. Finally in Northern Ireland, constitutional issues continue to dominate while decisions on domestic issues are in line with London Labour under the current period of direct rule covered by this thesis.

2.6 Conclusion

Bringing together these various ways of theorising and conceptualising change and change processes helps to develop a more sophisticated model that uses a historical review to provide a starting point in terms of identifying explanatory factors for the operation of CPSC. This offered up leadership and events as key explanatory factors for the creation, operation and transformation of CPSCUs. The impact of devolution as a third factor is also introduced as, in historical terms, there is no previous experience to look back upon (apart from the rather unique circumstances of Northern Ireland). However to obtain a more nuanced understanding, leadership, events and devolution are placed within a lifecycle framework to help analyse both unpredictable and deterministic events and to show the inevitability of behaviour and outcomes. At the same time, an attempt has been made to look beyond historical institutionalism to identify alternative theories of change that more effectively incorporate issues of structure, agency and culture. An approach blending these theoretical perspectives is most appropriate to shape the empirical work contained in

Chapters 3 to 6. The overall framework adopted is re-iterated in Table 11. It should be emphasised that the contents of this table suggest most likely or preferred modes of behaviour; in reality some overlap will be found as the government and organisation moves from one phase to another.

Table 11: A summary of the analytical framework for the empirical chapters

Lifecycle of government	Elevation	Embedded	Establishment	Enfeeblement
Government aim	Centralisation for control	Co-ordination of complexity	Steering to fight hollowing out	Centralisation for control
Lifecycle of the SU	Creation	Restructure	Institutionalise	Reinvent
Objective of the strategic unit	Reducing uncertainty	Reducing uncertainty	Developing creativity	Collective learning
		Developing creativity	Collective learning	Fire-fighting
Change mechanisms adopted	Instrumental	Dynamic	Incremental	Revolutionary
	Related developments preferred	Revolutionary	Related developments preferred	Divestment
	Agency dominates	Structures dominate	Culture dominates	

2.7 Developing research questions and hypotheses

As stated in the introduction, the main aim of this research is to develop an explanatory model for the creation, operation, establishment and re-invention of CPSC in the UK post devolution and to explain the differences or similarities of approach found across the UK. This involves:

- identifying the factors underlying the creation, changing operations and success of CPSC within a dynamic political and organisational environment;
- understanding how these factors operate to produce organisational and cultural change in CPSC; and
- comparing developments in the constituent parts of the UK.

Following on from the previous review of theory, some pointers to explanatory factors can be identified and used to set out initial hypotheses. Four initial hypotheses have been developed, based loosely on the body of literature concerned with leadership, organisational change, devolution and lifecycles to guide exploration:

1. CPSC will be created within our current system of government if required by PMs and FMs as the elite power mechanism will override other considerations.
2. Devolution offers the potential for divergence in CPSC but this will come about through the political complexion of the administration and the positioning of the leader rather than through constitutional capacity.
3. The nature of CPSC will ultimately be governed by lifecycles and the resources, capacity, structures and approaches required to retain successful CPSC will vary depending on the stage of the lifecycle.
4. CPSC must continually change to survive, otherwise it will be subject to civil service 'capture', losing its uniqueness and *raison d'être*.

These hypotheses will be tested through an empirical review of the four administrations: Whitehall, the SE, the WAG and the NIA. A number of research questions have been formulated to enable these hypotheses to be tested and to drive and frame the comparative fieldwork undertaken. These questions are of the 'what', 'why' and 'how' variety which, according to Blaikie (2000:66), correspond to the objectives of description, explanation/understanding and change.

The research questions developed below are derived from the individual hypotheses set out above but also help us to build a rounded picture of the day-to-day operations of the CPSCUs. The five main research questions are as follows:

1. Why have administrations in all parts of the UK opted to establish CPSCUs: amongst other factors is the role of leadership dominant?
2. What are the functions of CPSCUs?
3. What arrangements have each of the administrations under review put in place for CPSC?
4. How does CPSC operate compared to other parts of government?
5. How can CPSCUs survive?

The first of these questions is aimed as helping us to understand the reasons for the creation of CPSCUs to enable us to better address the first hypothesis. Issues for exploration behind this question include the explanatory power of existing theories, the nature of policy analysis capacity and the political culture within the administrations. To some extent this will also help to address the second hypothesis concerning the differences in the political complexion of the administrations and the positioning of the leaders.

The second and third questions are concerned with developing a detailed description of the CPSCU arrangements in place within each administration. This directly addresses the second and third hypotheses but also provides the empirical data required to underpin exploration of all four hypotheses. The second question prompts a review of the day-to-day aims and objectives of the CPSCUs and how these change over the lifecycle while the third question addresses the comparative angle posited by the second hypothesis listed above.

The fourth question leads to an exploration of the unique qualities of CPSUCs compared to other parts of government which can play a part in addressing all four hypotheses but more specifically helps to feed into the final question of survival.

The final question directly addresses the issues raised by the fourth hypothesis by stimulating a review of adaptation, marginalisation and capture over the lifecycle.

3 Centralised Policy-making in Whitehall – developing strategic capability

3.1 Introduction

3.1.1 Background

CPSC is not a new concept in the Whitehall village. As shown in Chapter 2, previous PMs have established a variety of structures and arrangements for the provision of CPSC since the beginning of the twentieth century. However until the election of New Labour in 1997, no previous PM made such extensive use of CPSC. While previous PMs have recognised the need for a central source of advice, none has established such a long-lasting set of structures which have maintained their relevance and adapted to a constant cycle of change in the nature of the government and the evolution of the CPSC itself. The beginnings of the development of CPSC in Whitehall under New Labour had its inception in the planning undertaken by Labour in opposition. On coming to power in 1997, the government had already articulated an approach based on centralising control through governing from the centre (Mandelson and Liddle, 1996). Mandelson reiterated this approach in 2002 when he noted that

‘..the answer lies in a more formalised strengthening of the centre of government which should not only give much-needed personal support to the Prime Minister ... but provide the means of formulating and driving forward strategy for the government as a whole..’.

Mandelson and Liddle (2002:235)

3.1.2 Developing the Core Executive

Before embarking on an analysis of CPSC it is necessary to define what is meant by the centre or the ‘core executive’ as it is generally termed. Hence this section examines briefly the structures at the centre of government or the core executive. As discussed in Chapter 1, structures in Whitehall are complicated by the absence of one identifiable centre. Whitehall has not adopted a model based on a distinct PM’s office as found in countries such as the USA and France. Indeed there appears to be a marked reluctance to overtly create an office that is seen to enhance the role and status of the PM in the public eye. While, since 1997, No.10 Downing Street has undergone a number of changes and reorganisations to create something resembling a PM’s office in No.10, other initiatives such as the formation of central units and the enhancement of the role of the Cabinet Office has maintained a degree of pluralism in central arrangements (Foley, 2000: 310-311). Therefore the PM’s office in

No.10 Downing Street has a limited number of staff and does not cover the range of activities found within other Prime Ministerial offices. This at least partially explains the growth in size and importance of the Cabinet Office which is increasingly used as part of the personal resource of the PM to co-ordinate and oversee government policy development and delivery rather than as a resource primarily concerned with the administration of the Cabinet. When defining the core executive, however it is commonly considered to consist of: No.10 Downing Street; the Cabinet Office; and the Treasury, for example as defined by Fawcett and Gay (2005:1). This leads to some consideration of the role of the Treasury. The relative balance of power between No.10 Downing Street and the Treasury is a subject of constant debate. One special adviser noted that the Treasury appeared to set the debate in domestic policy due to their control of the Public Service Agreement process and their skills in negotiation around resource allocation. The spending review process, the leadership of cross-cutting reviews and the hosting of the Government Social Research Unit²² all point to the importance of the role played by the Treasury particularly in terms of policy delivery and performance monitoring. However, according to a number of interviewees it appears that despite the public image of the Treasury and its grasp on domestic policy through the PSA process, the power at the centre of government still lies in No.10 and the Cabinet Office which has been reconfigured to act primarily as a corporate headquarters supporting No.10 in the development and delivery of policy. In reality the nature of the relationship between No.10 Downing Street and the Treasury is not uncommon in British politics and is not limited to the Blair government. However in strategic terms, the Treasury still provides a supporting role rather than a partnership with No.10 Downing Street.

3.1.3 The location of CPSC

Policy analysis capacity currently exists in all three elements of the core executive. The PM's office contains a Policy Directorate, which was developed in order to provide the Prime Minister with a source of advice independent from other departments and the Treasury. One special adviser suggested that, initially at least, it may have been an attempt to balance the power of the Treasury.

²² In 2003 the Government Chief Social Researcher's Office was integrated into the PMSU. The GCSRO is responsible for: the quality and standards of government social research; social research planning; research capacity, recruitment, career development and skills; and the effective use of social research in government. However the link between this office and the rest of the work of the PMSU appeared to be rather weak according to senior staff. In 2006, the office, renamed the Government Social Research Unit was transferred to the Treasury, with the stated aim of helping the Treasury's focus on social policy.

The first general purpose policy or strategic capacity created at the centre of government was the Performance and Innovation Unit (PIU) established in 1998 within the Cabinet Office. This was followed by the establishment of the Forward Strategy Unit (FSU) in July 2001 at the request of the PM. Then in July 2002 the PIU and FSU along with the Policy Studies Directorate of the Centre for Management and Policy Studies (CMPS)²³ were merged to form the PMSU. Shortly after the Government Chief Social Researcher's Office (GCSRO) joined with the PMSU although as noted above, this unit has since moved to the Treasury. The Cabinet Office houses a number of other units such as the Prime Minister's Delivery Unit (PMDU). Over the period since 1998 the role, aims and objectives of each new unit have changed. The PMSU has also restated its aims and objectives on a number of occasions to reflect its changing role as government policy and approaches changed.

3.1.4 Developing an analytical framework

In Chapter 2 a framework for analysis was developed, based on the concept of a lifecycle through which government and organisations such as the PMSU progress. This lifecycle has a degree of determinism which dictates how government and governmental organisations will behave. Therefore it is possible to ascertain the modes of government that will be adopted at different stages of the lifecycle and modes of operation that governmental organisations will use if they wish to remain relevant. It is also possible to examine the relative importance of structure, agency and culture in bringing about change to help understand how institutions form and change and to look at the type of change required at different stages. This lifecycle analysis will answer a number of the research questions posed in Chapter 2.

At the same time the analysis will also answer some more of the more pragmatic questions regarding CPSC in terms of organisation, resources, impact and outputs. Consideration of the hypotheses set out in Chapter 2 will be dealt with in Chapter 7.

3.1.5 Structure of this chapter

The remainder of this chapter analyses the development of CPSC typified by the PMSU from the establishment of the PIU in 1998 to the positioning of the PMSU in autumn 2006. This provides a panorama across the lifecycle of the New Labour government from its buoyant start to a less positive present, enabling the changes in CPSC to be traced and mapped across each lifecycle stage. The development of CPSC is presented under a number

²³ The Policy Studies Directorate is responsible for providing support and developing best practice in central government policy-making and knowledge-sharing. It co-ordinates a network of policy

of headings: the aims and objectives of the PIU, FSU and PMSU; staffing; budgets; outputs and impacts. The chapter concludes with an overall review of the trajectory of the lifecycle.

3.2 Aims and objectives of the PIU, FSU and PMSU

3.2.1 The PIU, FSU - the early days

The PIU was established in 1998 following a review of central government effectiveness by Sir Richard Wilson. This review resulted in the creation of central units such as the PIU to

'help tackle cross-cutting problems that have defeated this and previous governments.'

Blair (1998)

and to

'help achieve our commitment to the modernisation and reform in public services and report to me regularly'

HC Deb (2001-2002a)

The initial statement of aims for the PIU noted that it was established to:

'Improve the capacity of Government to address strategic, cross-cutting issues and promote innovation in the development of policy and in the delivery of the Government's objectives'

PIU report (1999).

It reported to the Prime Minister through the Cabinet Secretary.

The aim of the PIU was to ensure that its work was based on the principles of evidence-based policy involving research and analysis to ensure that policy recommendations were soundly based. The PIU concentrated on undertaking cross-cutting policy analysis and development, involving a wide range of stakeholders and adopting a policy of openness in its work as indicated through the publication of many of its working papers on its website. This policy of openness was received favourably amongst stakeholders who had previously been excluded from policy debate, but it proved problematic when the analysis produced was critical of previous government actions or the policy proposals were considered controversial. The media tended to selectively report elements of specific reports, impacting negatively on the subsequent policy debate²⁴. Not surprisingly, therefore, there was reluctance on behalf of government to publicise policy proposals at their initiation stage when, at times, radical propositions were being evaluated.

makers, offers advice, training and consultancy and runs the on-line policy hub.

²⁴ For examples, sensationalist mention of a bin tax in the newspapers prevented a more measured debate on how waste disposal should be funded.

Hence the FSU was set up in July 2001 at the request of the PM to

‘Provide long-term internal strategic analysis and policy thinking for me and other Cabinet Ministers’

HC Deb (2001-02a)

In hindsight, Birt (2006) noted that the PM wanted the FSU strategy advisers to look at issues adopting a systems approach that would place issues in a wider context.

On its inception, the FSU was given the job of preparing longer-term reviews of key policy areas such as health, education and transport. This remit was not publicised and staff working on these projects kept their work confidential. Unlike standard PIU projects, there was limited consultation and interim reports and papers were not put on a publically available website. By keeping FSU work out of the public domain, the unit was encouraged to be challenging and creative. It was challenged to look beyond the usual four year timespan and to propose wholesale revolution in key policy areas. As noted by Blair (1998)

‘it [the civil service] is too short-termist. We need to encourage a longer term approach to decision-making’.

Part of the approach adopted was the secondment of some key figures from outside Whitehall to the unit to lead significant policy projects. However by keeping the work of the unit private and involving ‘outsiders’ who could not be held accountable by parliamentary committees, the unit generally attracted suspicion which may have led to some doubts regarding the quality of its outputs.

This initial stage of development of CPSC in Whitehall can be viewed as driven in an instrumental way to suit the requirements of the PM with related developments gradually building up the objectives of the units. The PIU was there to provide a resource for the PM and to answer to the PM. The PIU started off with the capacity to reduce uncertainty. At the most basic level, reducing uncertainty involves the gathering of facts, a core task of the PIU and the FSU from their inception where each project required rigorous analysis of facts and trends to ensure that policy recommendations were evidence-based. To implement such an approach required on-going support from Ministers, particularly the PM, as it cut across more traditional political approaches to policy development, based on received wisdoms, pet projects and broad manifesto statements and adopted a more managerialist approach whereby politicians could be challenged using evidence. Senior staff interviewed unanimously agreed that it was important that the Head of the PIU and the FSU had previously developed close links with, and was trusted by, the PM.

While reducing uncertainty regarding the environment and the need for information was important, another level of reducing uncertainty, the clarification of values, was also addressed through the work of the PIU. This was particularly relevant for the government in its earlier years when it needed to find a way of developing a coherent narrative, in the space left by the absence of traditional ideologies that could be readily understood by its stakeholders. The establishment of the FSU provided the capacity for longer-term thinking that could stray outwith existing government paradigms. To be successful in achieving this objective required the participation of individuals from outside of the government machine, the involvement of other government departments and the ongoing support of the PM. Reducing uncertainty regarding values presents a real dilemma concerning approaches. By making such work public and involving stakeholders, there is an opportunity for the government to increase the understanding of its main stakeholder groups; however it also tends to restrict the potential for radical ideas due to the role of the media in covering political debate and the real political concerns of many MPs.

The third type of uncertainty experienced by governments that of co-ordination was one of the primary reasons for the establishment of CPSC in Whitehall. This was further highlighted by the instructions to Birt (2006) to adopt a '*systems approach*'.

Friend and Hinkling's (1987) discussion of the types of uncertainty facing political leaders offers a powerful reason for the establishment of the PIU and subsequently the FSU. Other reasons for the establishment of CPSCUs, the development of creativity and collective learning are highlighted at later stages in the development of CPSC. Creativity is brought to the fore by the establishment of the FSU and the subsequent work of the PMSU, particularly around the production of think-pieces, the hosting of seminars attended by many outsiders and the production of the strategy survival guide, all of which flourished throughout the first couple of years of the PIU. Collective learning has even more recently been given greater emphasis through the development of the role of the PMSU as a resource for and facilitator of the growth in strategic capacity at departmental level. In the last three years, the departmental strategy units have grown in importance as departments are required to produce five-year plans. Hence the role of the PMSU has, over the period since its inception, moved through a timeframe where different aspects of its role in reducing uncertainty, developing creativity and supporting collective learning have become more prominent. This highlights the need for CPSCUs to be able to change and evolve to continually meet different requirements. This was noted by a number of interviewees who commented that the requirements of government change as the government works through a political lifecycle from first coming to power through to the embedded and establishment phases. These senior

interviewees also noted that the lifecycle, and indeed the survival, of the PMSU are linked to the lifecycle of the government and its changing priorities and objectives. In this case the passage of the PIU/FSU/PMSU through the phases of creation, restructuring and institutionalisation are clear to see.

In its creation phase, the development of the PIU was influenced by the government's objective of governing from the centre and maintaining strong control while also attempting to deal with issues of co-ordination and joining-up. Strong leadership was essential and the development of a cohesive culture based on the paradigm of evidence-based policy was required. A successful 'formula' was established in terms of how the PIU worked. The unit then entered a restructuring phase following its initial successes. This phase was accompanied by an expansion in the size of the PIU which loosened cohesion and the establishment of the FSU with the introduction of outsiders. Long-term strategy and 'blue skies thinking' became a more important part of the FSU and subsequent PMSU's work. Strategic thinking and a managerialist, positivist approach was adopted to maintain policy coherence. The nature of change at this point could be described as evolutionary brought about through the formalisation of previously informal cultural norms around attitudes to the use of evidence, the role of values and policy objectives such as choice and competition.

This phase could be seen to be turbulent as relationships between the PIU and the FSU and the staff, management and government stakeholders were established. Mulgan, as head of the units at this time, recognised that a key ingredient for their success was to recognise where the power lay in government and to ensure that the units retained the favour of those in power. Hence good relations with No.10 Downing were essential and Mulgan initially adopted an instrumental approach to change where he drove developments to suit the requirements of the PM.

3.2.2 The PMSU and its development

Eventually in July 2002 the PIU and FSU along with the Policy Studies Directorate of the Centre for Management and Policy Studies (CMPS) were merged by Sir Andrew Turnbull to form a unit with a '*clear focus for strategy work*' (PMSU, 2002), the PMSU. Douglas Alexander MP was allocated a sponsorship role in relation to the unit. At the time the stated aims of the unit were to:

'...carry out long-term strategic reviews and policy analysis which can take several forms:

- *long-term strategic reviews of major areas of policy;*
- *studies of cross-cutting policy issues;*

- *strategic audit, (e.g. where do the Government stand in relation to their main objectives?); and*
- *working with Departments to promote strategic thinking and improve policy-making across Whitehall'*

HC Deb (2001-02d)

The remit of this new unit was not simply that of the preceeding units put together. At this point while the requirement to undertake cross-cutting policy projects and to engage in strategic thinking remained, new emphasis was placed on strategic audit and the development of strategic capacity across Whitehall.

Strategic audit provided an opportunity to compare the UK internationally on a range of indicators providing a baseline against which to set future targets and to measure performance, a further enhancement of the evidence-led approach. The development of strategic capacity across Whitehall was a result of the growing recognition, expressed by a number of interviewees, that government cannot manage from the centre as centralising power and responsibility restricts devolution and innovation and the ability to respond to local demands and needs. At this stage the government did not wish to adopt a 'one size fits all' approach. Senior officials and SAs agreed that such an approach created a danger of perverse incentives around meeting targets rather than improving services through innovation. Hence the need to create capability at departmental level and below to encourage the loosening of central control and management in order to support the changing agenda of government reforms.

A further refinement of the aims of the PMSU took place in early 2005 which developed this theme even further. The unit was designated as a centre of excellence for enhanced strategy across government to support the development of strategies and policies in line with the Cabinet Secretary's initiative on 'Centres of Excellence'. This shift in emphasis was in line with the government's developing views on the role of the civil service. A more recent speech by Blair on civil service reform noted the need to create '*a smaller, strategic centre*' (Blair, 2004). This change in emphasis is borrowed from business organisations. The aim of the government was to move towards a situation with

'the centre becoming smaller, more strategic and more intelligent. Its function is to develop strategy, monitor performance and intervene only when it needs to. It needs to learn fast and exploit the opportunities of the rapidly changing world which I have described.'

Blair (2004)

The reworded objectives of the PMSU were:

- *'to support the development of strategies and policies in key areas of government in line with the Prime Minister's priorities*
- *to carry out occasional strategic audits to identify opportunities and challenges facing the UK and UK Government*
- *to develop as a 'Centre of Excellence' to enhance strategy across government'*

Source: PMSU website, www.strategy.gov.uk accessed 2 May 2005

While the unit's project teams and capacity have diminished, the work of the PMSU's Strategic Capability Team grows in importance. The work of this core group supported by other members of the PMSU has developed over time resulting in the production of an on-line strategy survival guide primarily aimed at government departments but freely available on the web. This guide covers all aspects of policy-making and adopts an approach which promotes the evidence-based policy paradigm. This approach is based on a careful articulation of the problem, the gathering and analysis of evidence on what works and of delivery capability, and the formulation of policy based on the evidence collected. This approach encourages the working practice adopted by the PMSU of publishing an analysis paper at an interim stage of the policy project to enable stakeholders to view and comment on the evidence used and a final report at the end focused on recommendations.

A major change in strategy development throughout Whitehall has been the development by departments of their own strategy units headed by directors of strategy, some of whom have been appointed from outside the civil service. The strategic capability team and other members of the PMSU work with departments to promote strategic thinking; to help departments establish their strategy units and produce their departmental strategies; and to facilitate sharing of good practice. The departmental teams are expected to promote strategic thinking throughout their own departments while also undertaking policy projects and/or taking responsibility for the departmental strategies. No one model of development has been established. Secondments between the departments and the PMSU have also been used to help build capacity. The strategic capability team established a Strategy Forum in May 2004 for the sharing of ideas and good practice. They are also responsible for the Strategy Network.

'a community of strategy practitioners in government, which provides a safe space to share best practice, identify relevant Whitehall initiatives, and provide peer support and sharing of information, as well as make stronger links within and outside government'

Source: PMSU website, www.strategy.gov.uk accessed 20 Aug 2006.

By early 2006, the objectives of the unit were changed yet again and are now:

- *‘to carry out strategy reviews and provide policy advice in accordance with the Prime Minister’s policy objectives;*
- *to support government departments in developing effective strategies and policies – including helping them to build their strategic capability; and*
- *to identify and effectively disseminate thinking on emerging issues and challenges for the UK government, e.g. through occasional strategic audits.’*

Source: PMSU website, www.strategy.gov.uk accessed 3 April 2006

More tellingly the work of the unit is also described on the PMSU website as follows:

‘The Prime Minister’s Strategy Unit works closely alongside departments and others. Many projects influence the direction of government policy rather than leading directly to published reports. While some work is one-off, other work on issues such as public service reform, home affairs and welfare reform tends to be more ongoing.’

Source: PMSU website, www.strategy.gov.uk accessed 10 July 2006

The future role of the PMSU as recognised by both PMSU staff and departmental strategy unit officials is now seen to be that of signalling priorities by working in partnership to influence departments while supporting the departmental units. The new approach is to encourage departments to take the lead on many projects with the PMSU supporting departments in cross-cutting projects. Interviewees have suggested that mechanisms of budget allocation and continuing departmental cultural attitudes do not always support the development of departmental strategy and the ability to adopt longer-term perspectives, so the PMSU has an important role to play in helping these departments to evolve their strategic thinking.

However the original aim of supporting the PM at the centre has not been lost. The PMSU also supports the achievement of the Cabinet Office’s aim of making government more effective by providing a strong centre and contributing to the achievement of two of its four objectives, namely:

- *‘support the Prime Minister in leading the Government;*
- *and Improve delivery by building capacity in departments and the public services.’*

Source: Cabinet Office (2005:2)

3.2.3 Relationships with the Number 10 Policy Directorate

The relationship between the PMSU and the No.10 Policy Directorate has changed over time. A number of PMSU staff have questioned the exact nature of the relationship, and

commented that it has appeared at times to be rather fraught. In the earlier days of the PIU and the PMSU, the Policy Directorate contained a rather larger group of younger and more junior staff which means that this unit could appear to replicate the work of the PMSU according to senior PMSU staff and ex Number 10 Policy Directorate staff who did not disagree with their PMSU colleagues.

Recent changes in the operation of the No.10 Policy Directorate has resulted in the appointment of a smaller number of experts in specific fields and a reduction in the number of younger civil servants and advisers. Senior officials noted that these changes have brought about better accountability between No.10 and the PMSU and improved the position of the PMSU in terms of exerting leverage. At the same time, a No.10 Commissioning Board was established consisting of No.10 policy experts and SAs, and the director and some senior staff of the PMSU. SAs interviewed commented that this broadened the range of people involved in making decisions about the PMSU; a situation that so far appears not to be problematic for PMSU senior staff. Interestingly no departmental or Treasury representation sits on this board. A couple of interviewees pondered that this could be seen as the creation of a hierarchical relationship with No.10 Policy Directorate. No.10 Policy experts can use the PMSU to work up evidence and research for issues of concern to the Policy Directorate²⁵. This has resulted in No.10 consolidating itself as the main customer of the PMSU²⁶. Work is tied in with the priorities of the PM. These include domestic public service/welfare reform with main issues of health, respect and education aligned with the Cabinet Committees. The last Labour manifesto drew on work undertaken by the PMSU for the No.10 Policy Directorate.

This final stage of development of the PMSU appears to be moving from expansion to reinvention in-line with the government which is moving between the establishment and enfeeblement phases of the lifecycle. This is a phase commencing with the departure of Mulgan in 2004 and continuing to the present day. Interviewees identified the earlier part of this phase as one of some uncertainty with a lack of momentum. Changes in the PMSU were incremental and complementary but the *raison d'être* for the existing way of working was changing. During this phase the unit moved further away from the concept of a strong centre in terms of taking responsibility for the production of significant policy reports but it ensured that it was involved in a wide range of policy areas, some on a short-term basis and some on a more on-going basis. This could be seen as an attempt by the unit to engage in steering

²⁵ Team leader PMSU.

²⁶ Team leader PMSU.

through collective learning, to ensure that it maintains a role and that it stays engaged in all the main policy areas as a mechanism of centralisation. However this role may be weakening the uniqueness of the unit and its distinctive methods of operation. Is the unit moving into a final state of decline as the rationale behind a strong centralised unit has been weakened and more emphasis is placed on a smaller centre with a shift of strategic capability to departmental level? Or it is reinventing itself in a different format through its involvement with a wide range of policy areas to support a return to centralisation? Is the centre able to readjust? It is interesting that Mulgan certainly did not expect the unit to last forever although he did not place a timeframe on its existence²⁷. The final phase of the government lifecycle also needs to be considered; can the government itself reinvent itself and find new ideas?

3.3 Staffing

3.3.1 Overall staffing arrangements

'the Unit is staffed by a mix of civil servants and non-civil servants. The civil servants come on loan from government departments; the non-civil servants come from the private sector; academia; think tanks; NGOs; and overseas. All are bound by the Civil Service Code.'

Source: PMSU website, www.strategy.gov.uk accessed 20 Aug 2006

From the beginning staff within the PIU and the PMSU were recruited on contracts or via secondments of 2 to 3 years. Staff from outwith Whitehall are recruited through open competition. Vacancies are advertised on the PMSU website and anyone can apply. The general age range of staff is between 25 and 40. Staff are employed under civil service terms and conditions framed to help staff to manage the political nature of the work²⁸. Staff on secondment are expected to act according to their allocated civil service grade when dealing with political issues. Although the work of the unit is based on a robust evidence base, in reality recommendations which do not take account of the current political direction or political concerns are unlikely to be accepted, so an awareness of political issues is a very necessary requirement of the job.

The numbers working in the unit have varied over time as shown in Table 12.

²⁷ Although this opinion was expressed after he had left.

²⁸ Senior official.

Table 12: Staff numbers

Year/period	PIU	FSU	PMSU
At Mar 2004			79
At Feb 2003			90
At Jan 2002		8ft/3pt	
At Sept 2001	50-60	15 ft	
At Jan 2001		17ft/ 3 pt	
End 1999	51		
End 1998	36		

Source: HC Deb (2003-04c), (2002-03b), (2001-02c), (2000-01)

Staffing details are not publicised on the website but have been a consistent source of written Parliamentary questions throughout the lifespan of the unit. The answers to these questions are the best source of information on staffing details. It is difficult to say precisely how many individuals worked on FSU projects. The full-time headcount appeared to vary between 8 and 17 individuals (HC Deb, 2001-02c). The work of the FSU was primarily supported by staff from the PIU, although the FSU also employed a number of additional staff seconded from departments and from outside government. The staff complement of the FSU was enhanced by the appointment of a number of part-time unpaid strategy advisers, including Lord Birt (who was strategy adviser to the PM), of whom more later, Adair Turner, Arnab Banerjee, Nick Lovegrove and Penny Hughes.

The numbers in the PMSU by 2006 had stabilised at around 55 (Aldridge, 2006) which is considered to be appropriate by PMSU management. In the past, management felt that the unit had become too large and was in danger of becoming over bureaucratic. By 2005 the PMSU headcount was stable although other parts of the Cabinet Office faced reductions of up to 10%. However as the PMSU is increasingly working in conjunction with other departments on a joint basis, staff from other departments form part of the overall resource available.

The split of staff between public and private sector and between full time and part time is not readily available for the entire period. As an example, at 1 March 2001, 10 members of the PIU were permanent employees of the Cabinet Office, 22 were on loan from other Government Departments and 19 had been brought in from the wider public sector and the private and voluntary sectors. All except five members of staff were employed on a full-time basis (HC Deb, 2000-01).

Most projects are overseen by an advisory group of outside stakeholders and senior Whitehall officials including some SAs. Details of these groups can be found in the published reports on the PMSU website.

During interviews with senior officials the issue of the size of the unit was raised. It was noted²⁹ that Thatcher managed with a policy unit staff of 6 people. One proposal put forward by a senior interviewee to explain this was the current lack of a clear ideology and overall narrative, compared to Thatcherism, which needed to be compensated by the production of evidence. Another possibility is the nature of the problems to be solved; characterised now as more subtle and complex. In this more complex and less ideological world, evidence-based policy may need more people to be involved.

The forerunner to the PIU, the CPRS operated with a maximum of around 20 staff. In their evidence of 26 January 2006 to the Public Administration Select Committee (PASC), Lord Donoughue and Dr Plowden expressed a view that this was an optimum number and that the current PMSU was too large to achieve coherence. Plowden (2006) noted that the CPRS was restricted to the number of people who you could '*get seated around the table of the Head of the CPRS*'. He felt that a larger number of staff created a bureaucracy '*like the one you are trying to counter*'. Both of these comments have merit but they appear to relate to a more collegiate method of working where all members of staff are part of one team instead of the current method of working within the PMSU which is based on project teams with a degree of fluidity between teams and a flat structure minimising the hierarchy and demarcation traditionally found in bureaucracies such as the civil service.

Aldridge (2006) listed the skills required to work in the current PMSU as analytical skills, strategic thinking skills, project planning and management, good interpersonal skills, ability to work in teams and to influence people and creativity in policy solutions. These skills cover all aspects of the work of the unit. Individuals must be able to undertake research, draw conclusions and suggest policy solutions. Hence they differ from researchers who tend not to get involved in developing policy solutions and from consultants who tend not to analyse problems, consequences and causality in the same depth. Other team leaders noted the importance of recruiting bright people with focus. One team leader interviewed commented that as the work of the unit shifts to quicker and shorter projects, staff must be able to quickly get to the core of the issues so there is less time for induction, team building and training. Team leaders have discretion in their way of working and they can choose to

²⁹ By a senior official.

have larger teams if they prefer. However larger teams must have time built in to develop team dynamics and require more management throughout the lifespan of the project. Plowden (2006) concurred that a range of skills were required within the unit but also considered that a variety of backgrounds was important. Donoghue (2006) demurred suggesting that quality was key and obtaining the services of high quality young people was the most important factor in obtaining high quality results³⁰.

The importance of retaining organisational memory was raised by a number of interviewees. This can be achieved by retaining a small number of permanent senior staff who work across a number of projects and by developing appropriate knowledge management systems. As at June 2006, the unit had some staffing continuity in terms of a director and three senior support staff. In the past there have been between one and four deputy directors who were permanent staff.

3.3.2 Heading up the unit

The initial head of the PIU was Suma Chakrabarti, a career civil servant. Chakrabarti was followed by Geoff Mulgan who was the Director of the unit during the period of change and development that took place from 2000-2004. Mulgan had previously been a special adviser in the Downing Street Policy Directorate and prior to that was a founder of Demos, the think tank. Hence Mulgan's appointment as Director of the PIU was his first civil service appointment. In September 2003, Mulgan was also appointed as Head of the Policy Directorate in No.10. This drew together the work of the Policy Unit at No.10 which was primarily concerned with shorter-term policy and the work of the PMSU focused on longer-term cross-cutting strategy, according to senior officials and a SA interviewed. Such interviewees also commented that this joint appointment opened channels of communication and linked the work of the units. It did not appear to have the possible negative effect of encouraging the PMSU to become more political, focusing on the short-term and the urgent rather than the important. However this arrangement did not last beyond Mulgan's reign³¹. Mulgan left in June 2004 to join the Institute of Community Studies³². At that stage the joint role was split and a political appointee from the private sector appointed as Head of the

³⁰ Donoghue went on to comment that he obtained the best results through phoning around his network. Arguably an approach which is likely to produce homogeneity of background, thought and values, the very result the unit should be trying to avoid.

³¹ There were persistent rumours of tensions between Lord Birt and Mulgan (see for example, The Times 25th June 2002. 'Birt wins key role in 'Department of Prime Minister').

³² A research institute focused on issues impacting on London and urban living generally.

No.10 Policy Unit³³. The role of the PM in such appointments is visible. While Mulgan was appointed via open competition, the new head of the No.10 Policy Directorate was appointed by the PM as an expert adviser following negotiations.

At this point there was a hiatus in the appointment of a new head of the PMSU. Stephen Aldridge, a career civil servant and an economist, was acting director for almost a year before being appointed permanently as director. This delay has been explained by senior staff as being due to the 2005 general election and changing ministerial appointments. However an alternative explanation offered by a number of interviewees was that the unit somewhat lost its way and its closeness to the PM following Mulgan's departure and took some time to re-establish its position.

Lord Donoughue (2006) commented that units such as the PMSU should be headed up by outsiders in order to maintain independence from the 'machine'. There is a possibility that civil servants with an eye to promotion will not want to be overly critical or provocative. While Mulgan was appointed as a civil servant, his ultimate future was likely to lie elsewhere hence he could possibly be more detached from the civil service machine. However there is also the possibility that an outsider will be unable to penetrate the Whitehall machine without strong, continuing and visible support from the PM.

A more interesting dilemma may be the extent to which the role of Director of the PMSU is a political role. Aldridge (2006) suggests that it can be split into a number of components, with the political elements of values and choices left to politicians. However the reality of this stance may be difficult to operationalise. Aldridge (2006) emphasises the analytical nature of the unit and its job in producing options for Ministerial consideration. In that sense, it differs little from the approach adopted by the rest of the Whitehall machine. This approach can, however, lead to self-censorship by civil servants where they will not seek to put forward ideas that do not appear to fit the prevailing political climate. While this may be an acceptable approach for an apolitical civil service, it may be less appropriate for a CPSCU as it may restrict creativity compared to, for example, outside think tanks, which are less likely to self censor ideas to fit in with the prevailing political climate.

3.3.3 The use of secondments

Since the inception of the PIU, the use of secondees from a range of organisations has been a key feature of its resourcing policy. Individuals have been seconded from a range of

³³ This is David Bennett, an ex McKinsey's executive. His appointment led to increased scrutiny of the links between McKinseys and the Government.

organisations in the public, private and voluntary sectors. For the majority of projects staffing details are provided within the published reports or the appendices accessible via the PMSU website. Using this information it is possible to identify the background of the members of project teams. An analysis of the staffing of 28 projects completed by the PIU/PMSU between 1999 and March 2005 is shown in Table 13.

Table 13: Analysis of staffing by origin 1999-2005

	Total number of staff	Average per project	% of total
PIU	140	4.8	44%
Central government	76	2.6	24%
Local government	7	0.2	2%
Voluntary	11	0.4	3%
Academic	14	0.5	4%
Think-tank	6	0.2	2%
Regulator	4	0.1	1%
Business	45	1.6	14%
International	7	0.2	2%
Other public sector	10	0.3	3%
Total	320	11	100%

Source: Developed by the author from information available in PMSU project reports and on the PMSU website at April 2006.

Of the 28 projects where it was possible to identify the project leader from the information published, 22 of the project team leaders were civil servants with 6 projects led by outsiders (two academics and four management consultants). The average size of the team varied from 3 to 11 full-time members and 3 to 7 support staff (these figures are very approximate - the definition of support staff varies from one project to the next, as does the definition of full-time hence making it difficult to establish the FT equivalent resource allocated to each project). On average teams contained around 7 staff from central government and 2 staff from the private sector.

The PMSU has set some general guidance for the staffing of projects. The recommended team mix is 50% civil servants, 50% secondees, with 50% specialist and 50% generalist input. From an analysis of staffing on projects to date the actual civil servant/secondee input is closer to 65:35 based on headcount. This does not take account of the level of input of each member of staff or the length of time they contribute to the project. It is noticeable that the later reports published in 2004 give the names of the team members but not their

seconding organisation; this may be a deliberate change of policy. In addition the current projects in progress at the PMSU do not provide details of those working on these projects.

The role of secondees in the PIU and PMSU is relatively transparent from the lists published in each report, although the role of secondees in the work of the FSU was rather less clear. Information was not published on the staffing of the FSU and while we know the numbers of staff working in the unit at certain times from answers to MPs written questions, the background of such staff is not specified. According to a response by Blair to a Parliamentary question, HC Deb (2001-02c) the FSU was staffed by civil servants. In some cases such members of staff were secondees operating under civil service terms and conditions. This policy of secondment in the PMSU is not without some controversy, in particular where secondees came from the private sector. There appeared to be a concern amongst some MPs that such secondments could result in commercial gain. An example of the ongoing written questions put to the Minister for the Cabinet Office and the PM on the topic is the following question raised in 2004.

'To ask the Minister for the Cabinet Office what secondments (a) PricewaterhouseCoopers, (b) Deloitte & Touche, (c) Ernst & Young and (d) KPMG have made to the Office since 2001; for what (i) periods and (ii) tasks the secondments were made; whether secondments of staff from the Office have been made to those firms; and for what (A) periods and (B) tasks.'

HC Deb (2003-04d)

The answer was as follows:

Seconded from	(i) Period of secondment (months)	Management Unit
(a) PricewaterhouseCoopers (3 individuals)	12	Performance and Innovation Unit
	11	Prime Minister's Delivery Unit
(b) Deloitte & Touche (2 individuals)	6	Office of Public Service Reform
	12	Shareholder Executive
(c) Ernst & Young (nil)	n/a	n/a
(d) KPMG (4 individuals)	17*	Performance and Innovation Unit
	16	Office of the e-Envoy
	14	Office of the e-Envoy
	24	Prime Minister's Delivery Unit

* The author of this PhD

3.3.4 The role of SAs and the work of Lord Birt

The role of SAs in relation to the work of the PIU, FSU and PMSU has been somewhat unclear to outsiders. SAs are not part of the official staffing complement of the PMSU, although, according to PMSU staff, in many cases they play a key role acting as intermediaries between project teams, sponsor ministers and No.10. Hence they have some influence on the reported outputs from projects.

Relationships with SAs depend very much on individual personalities. Since the introduction of the No.10 Commissioning Board, No.10 SAs have more input to the work of the PMSU but departmental advisers have no specific role. Some SAs are very helpful in providing information, facilitating connections and briefing ministers while others can be less so. There are no formalised mechanisms for communication in place. In addition, relationships between No.10 SAs and Treasury SAs are not always co-operative and PMSU projects can become the victim of their arguments³⁴. As the No.10 Policy Directorate has restructured and placed more emphasis on recruiting expert advisers and less on political appointments, the potential for relationships with the PMSU to improve is increased. Conversely, as No.10 recruits more expert domestic policy advisers the potential for tensions with HMT may be increased.

SAs were most commonly associated with the work of the FSU, which worked with the independent advisers who formed the Forward Strategy Advisory Panel. Members of this panel included:

- Arnab Banerji - Chief Investment Officer of F&C Management Limited;
- Nick Lovegrove - Partner at McKinsey's;
- Penny Hughes - formerly President of Coca Cola Great Britain and Ireland, currently non-executive director of Vodafone plc and Trinity Mirror plc;
- Adair Turner - Vice Chairman of Merrill Lynch.

In addition John Birt, the PM's senior strategy adviser from 2001 to 2005, played a role on a number of FSU projects. All advisers were part time and unpaid. Their role was to work alongside the 'permanent civil servants'³⁵ in the FSU (No.10 Downing Street, 2001).

Birt has been a subject of some controversy as demonstrated by the amount of parliamentary and media attention paid to his role. He was initially appointed in 2001 with this

³⁴ The experience of the author was that special advisers can be very helpful but can also act as filters thus negating the rigour of the evidence-based process.

³⁵ A number of who were, in fact, temporary or seconded staff from outwith the civil service.

appointment extended in 2004. The terms of his appointment, which have been recently publicised under the Freedom of Information Act, confirm that this was an unpaid appointment, that Birt had no responsibility for managing civil servants but was supported by the FSU and that the advice that Birt would offer would remain confidential.

Reports by Birt provided confidential advice to the PM and other Cabinet Ministers on a range of issues. His role was best described in response to a written Parliamentary question in 2004.

“Lord Birt is the Prime Minister's unpaid strategy adviser and works alongside the Strategy Unit on a range of issues. He is also an external member of the Cabinet Office Strategy Board. The nature of Lord Birt's work is to provide private internal advice to the Prime Minister and other Cabinet Ministers. This advice is not disclosed under Exemption 2 of the Code of Practice on Access to Government Information.”

HC Deb (2003-04e)

Birt's work included reports on London, Drugs, Health, Education, Transport and Crime. The project teams for these reports were drawn from the PMSU (apart from the Crime report) and included civil servants and secondees as usual for PMSU projects. External advisers also played a role. Following normal procedures, each report was produced in two phases. Phase One set out the evidence and analysis of the issues. Phase Two contained policy advice and recommendations. Both reports were published for the London project contemporaneously. Under the requirements of the Freedom of Information Act 2000, the Phase One reports for the other areas under review were later published on the PMSU website; Phase Two reports remain confidential.

Birt has recently appeared for the first time before a Select Committee to speak about his role as a strategy adviser³⁶. He emphasised the need to develop capability at the centre in line with global corporations in the private sector but also recognised the inherent tensions between the centre and departments which he compared to the usual relationships between the corporate centre and departments in a business.

From the above discussion, the most interesting point is the role of individuals with backgrounds outwith government in providing strategic advice. Increasingly the government is appointing expert advisers in specific fields to work with permanent civil servants when developing strategy. These ‘expert’ advisers are not traditional political SAs; their appointments are not party political and are in line with Turnbull's (2005) comment in his

³⁶ Public Administration Select Committee, enquiry ‘Governing the Future’. See http://www.parliament.uk/parliamentary_committees/public_administration_select_committee/pascstrategy.cfm

valedictory lecture that the civil service should not have a monopoly on policy advice. However government is also appointing individuals from the private sector to senior strategic positions. This leaves us with an interesting thought. In Whitehall, who is responsible for strategy and who is considered capable of developing strategy?

3.3.5 Staffing in the departmental units

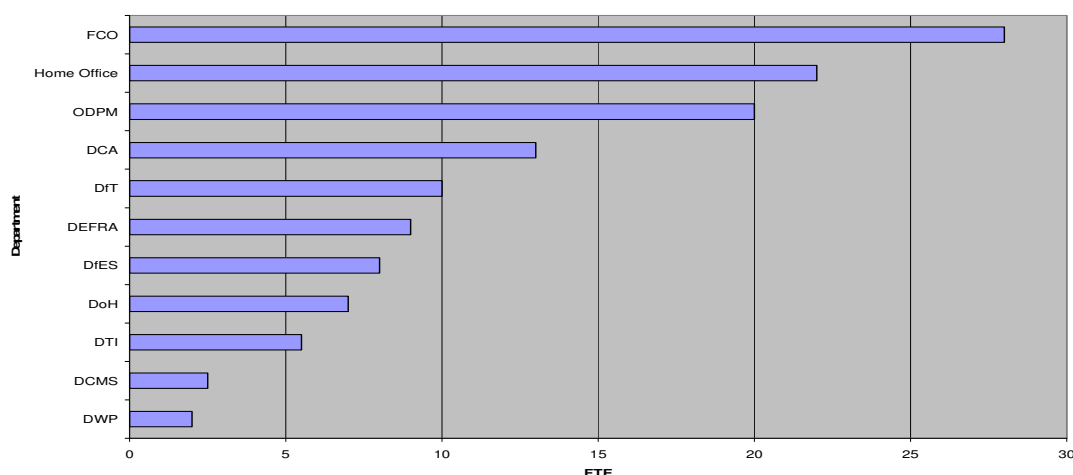
A survey of the departmental strategy units was undertaken in January 2004 to obtain a ‘snapshot’ of the existing units. This survey contained details of the size of the corporate strategy teams in the departments and their backgrounds.

The size of the teams varied greatly as shown in Figure 1 below. However some care must be taken with these figures as a number of these teams have wider responsibilities extending beyond the production of departmental strategy. The Inland Revenue strategy team has been omitted for this reason as its team had a much wider range of responsibilities. The very small number of staff in DWP is due to the dispersed nature of strategy development within that department, with other members of staff responsible for strategy not concentrated in a corporate strategy unit.

A review of the background of strategy team members also reveals a range of possibilities. Whereby in DfT and ODPM, all or almost all staff came from the department; in DfES and DoH, no staff came from the department. DfES was also the only department to report quite a high percentage of staff from the private sector.

A review of the Directors of Strategy across the departments shows a range of titles and responsibilities as departments were able to select the structures that best suited their circumstances. It can be difficult to identify the extent to which Directors of Strategy are appointments from outwith the civil service or are career civil servants. Two departments which appointed from the outside are the DoH who appointed the ex Director of Strategy of Kingfisher and the Home Office who appointed the Acting Chief Operating Officer from BP Retail Ltd.

Figure 1: No. of FTEs in departments



Source: PMSU (2004)

3.3.6 The impact of staffing decisions

Throughout the life of the PIU, FSU and PMSU a number of consistent factors relating to staffing can be found. The PIU and PMSU has always relied on a large number of secondees from a range of backgrounds, primarily from other parts of the civil service or the public or voluntary sectors. Private sector secondees have tended to come from the major consultancy firms, a fact that may be partially responsible for the rather negative press given to such secondees. This reliance on secondees means that staff turnover is high, impacting on organisational memory and learning, although the maintenance of detailed information and guidance via the website and internal knowledge management systems, helps to pass on knowledge. In theory, high turnover also helps to retain a freshness of approach with new people bringing new ideas, depending to an extent on heterogeneity amongst secondees. The use of high profile strategy advisers helped to shape the development of the organisation. With their business backgrounds, it is not surprising that the work of the PMSU at times resembled that of a mainstream consultancy and the language applied to government and policy issues resembled that of the boardroom³⁷. This may be spreading into departments as they also appoint strategy directors from outwith the civil service.

3.4 Budgets

The budgets of the PIU, FSU and PMSU are not easily identifiable from the overall budget of the Cabinet Office. However annual budgets can be identified through written

Parliamentary questions. According to HC Deb (2003-04g) the budget for the PMSU for 2002 to 2005 was: 2002-03 £6.3m, 2003-04 £4.8m and 2004-05 £3.7m. This shows an annual decrease which is in line with the decreasing numbers of staff employed and the decreasing number of reports produced. According to senior staff, this decrease has now been halted and the unit was one of the few within the Cabinet Office that was untouched by budget reductions in 2005.

An interesting question was raised by an MP in 2004 who asked if the budget could be split into the proportion spent on reports for public issue and those for private consumption only. The response to that question was that such information would be too costly to produce (HC Deb, 2003-04f). This is because the unit does not fully cost the production of each report, but instead has a budget for overall staffing which constitutes the bulk of its expenditure. This approach is a drawback to any attempt to question the value for money of any individual piece of work.

3.5 Outputs

Output from the PMSU can be in one of four formats:

- ‘Of the government’ reports – statements of agreed government policy that form the basis of White Papers.
- ‘To the government’ reports which provide recommendations and options which may contribute to Green Papers
- Speculative think-pieces, discussion papers and analytical notes to explore emerging issues and to expose key facts
- confidential advice to Ministers, including the PM

Source: PMSU website accessed 6 April 2006

Most reports are of the first two types ‘of the government’ or ‘to the government’. Reports are available to the public in electronic format or, in many cases, hard copies can be obtained. For many reports additional information such as an analysis of evidence or consultations is also available on the unit’s website. Versions of the reports can be produced in different languages on request.

³⁷ When interviewing directors and heads of strategy, one interviewee with a private sector background made notably more use of business language and the language of corporate strategy compared to their public sector peers.

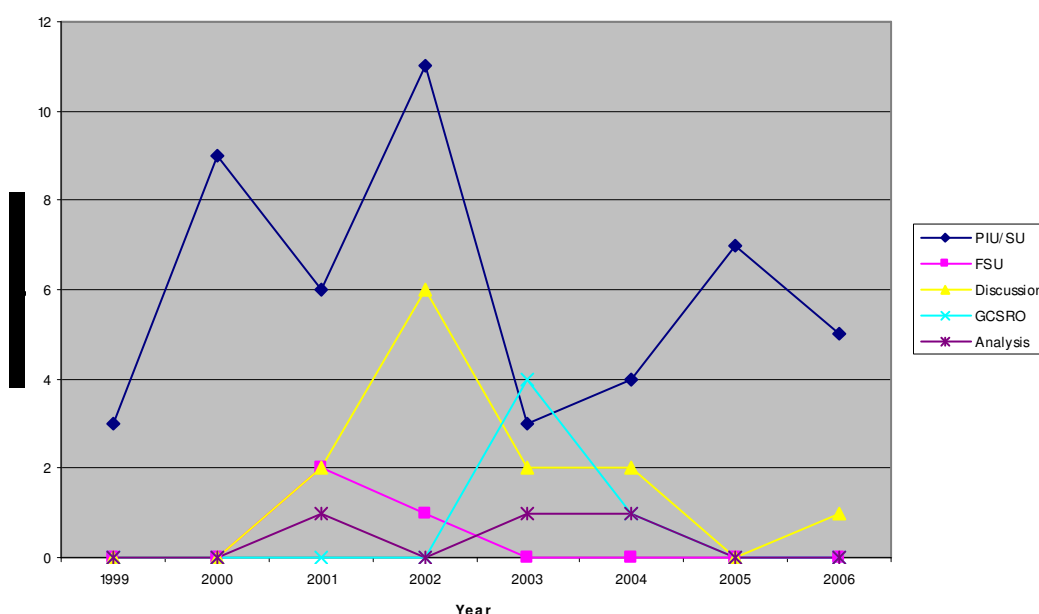
Until the Freedom of Information Act (2000) required the publication of the analysis work undertaken by the FSU, this analysis was used internally by a select audience to inform policy development and to contribute to additional reports proposing policy solutions which have not been made public. As reported in answer to a written Parliamentary question by the PM:

'It is not our policy to publish Forward Strategy Unit reports which will provide me and other Cabinet Ministers with long-term internal strategic analysis and policy thinking. Internal policy advice to Ministers remains confidential.'

HC Deb (2001-2002b)

The PIU published its first reports in 1999. Since then a total of 48 PIU and PMSU reports have been produced alongside 11 discussion papers and five publications from the GCSRO. As mentioned above, the implementation of the Freedom of Information Act (2000) led to the publication on the web of three of the analysis papers produced by the FSU.

Table 14: PIU, FSU, PMSU published outputs 1999 – 2006 (to end August)



Note: In addition a number of the discussion papers were presented at seminars to external invited audiences

Source: PMSU website, accessed 12 May 2006

The pattern of publication shows three PIU reports in 1999, nine in 2000, six in 2001 alongside an interim analysis paper, two discussion papers and two analysis reports produced by the FSU. In 2002, a total of 18 pieces of work were published including six discussion

papers and one FSU analytical paper; this was the most productive year in terms of volume of output. In 2003, 10 pieces of output were produced including four GCSRO publications and in 2004 eight pieces of output were produced including one GCSRO report. In 2005, seven reports were produced, two of which, the education white paper and the legal aid review were published through a partner department website. In the period to the end of August 2006, five reports were produced all of which were published through partner department websites alongside one discussion paper to inform debate on public sector reform. The three analysis papers produced by the FSU were not actually published until February 2006. Copies of all published reports are in the Library of the House of Commons and electronically published through the PMSU website. The declining number of outputs over time is a reflection of the decrease in staff numbers and the changing focus of the units.

The reports produced by the PIU and PMSU cover a wide range of topics and areas of policy development. One possible classification of this output is shown in Table 15 below. The first column in this table shows that in the earlier days of the PIU, there was a focus on the machinery of government and many of these projects focused on aspects of the strategic or delivery capacities of central government. This was understandable in the early days of a new administration when the Labour party was seeking to find new ways of governing. Hence the role of the PIU at this stage was firmly one of reducing uncertainty. Interestingly, the PMSU, since taking on issues of public sector reform, published, in 2006, a discussion paper on the Government's approach to public sector reform, returning to address issues of 'how to', possibly as a revolutionary approach to recentralisation. Also in this column are listed the few reports produced dealing with specific groups in society.

The second column lists a range of topical problems, that is, issues that were of great political salience at the time. These reports were produced consistently over time but since 2004 all have been produced in partnership with the relevant departments and have been published on the relevant departmental website. This set of reports points to the ongoing tension between the need for work with a longer-term perspective and the need to address current political concerns. In many cases the reports produced have taken a longer-term approach than would be expected for fire-fighting political responses. These also show the units with the objective of reducing uncertainty but in addition point to the objective of collective learning in 2004-06 as more joint projects were undertaken. This could also be a clue to the nature of the developing mode of government during that period which appears to be concerned with steering rather more autonomous departments.

The third column in Table 15 lists other projects that are difficult to classify. Within this group of projects are single-issue topics such as adoption which would appear to be best suited to departmental reviews, cross-cutting issues such as the sport and London reports and more recently the strategic audit outputs. It is hard to discern a pattern in the production of these reports: one suggestion might be that the single issue reports tended to come earlier in the life of the PIU/PMSU, perhaps pointing to a tendency for centralising whereas the more obviously cross-cutting reports came a little later when the government was engaged in the process of co-ordination and joining-up. However as the government moved to a period of steering, such reports were less relevant, and the concept of strategy rather than the production of discrete policy reports appeared to be used, at least partially, as a steering mechanism.

Table 15: Published reports of the PIU, FSU, and PMSU as at September 2006

<p>Machinery of government</p> <p>2002</p> <ul style="list-style-type: none"> • Electronic networks: challenges for the next decade • Risk: improving Government's capability to handle risk and uncertainty • Privacy and data sharing <p>2001</p> <p>Strengthening leadership in the public sector</p> <p>2000</p> <ul style="list-style-type: none"> • e.Gov: electronic Government services for the 21st century • Reaching out: the role of central government at regional and local level • Adding it up: improving analysis & modelling in central government • Wiring it up <p>1999</p> <p>e-commerce@its.best.uk</p>	<p>Topical problems</p> <p>2006</p> <ul style="list-style-type: none"> • The Energy Challenge – Energy Review Report 2006 <i>[DTI website]</i> • Further Education: Raising Skills, Improving Life Chances <i>[DfES website]</i> • Non-hospital social care White Paper: Our health, our care, our say: a new direction for community services <i>[Department of Health website]</i> • Respect Action Plan <i>[Home Office website]</i> <p>2005</p> <ul style="list-style-type: none"> • Investing in Prevention: an international strategy to manage risks of instability and improve crisis response • Education White Paper: Higher Standards, Better Schools for All <i>[DfES website]</i> • Connecting the UK: the Digital Strategy • Fundamental Legal Aid Review <i>[DCA website]</i> <p>2004</p> <ul style="list-style-type: none"> • Alcohol Harm Reduction Strategy for England • Net Benefits: A sustainable and profitable future for UK fishing • Managing Offenders, Reducing Crime <p>2003</p> <ul style="list-style-type: none"> • Drugs report • Field Work: weighing up the costs and benefits of GM crops 	<p>Other</p> <p>2006</p> <ul style="list-style-type: none"> • Schools reform - A Survey of Recent International Experience. [An evidence base for future policy] <p>2005</p> <ul style="list-style-type: none"> • Strategic Audit: Progress and challenges for the UK <p>2004</p> <ul style="list-style-type: none"> • London project report <p>2003</p> <ul style="list-style-type: none"> • Strategic audit discussion document <p>2002</p> <ul style="list-style-type: none"> • Assessment of Technological Options to Address Climate Change (commissioned from Imperial College) • Private action, public benefit: a review of charities and the wider not-for-profit sector • Game plan: a strategy for delivering Government's sport and physical activity objectives • Modernising Government loans <p>2001</p> <ul style="list-style-type: none"> • Resource productivity: making more with less
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<p>Disadvantaged groups</p> <p>2005</p> <ul style="list-style-type: none"> • Improving the prospects of people living in areas of multiple deprivation in England • Improving the Life Chances of Disabled People <p>2003</p> <ul style="list-style-type: none"> • Ethnic minorities and the labour market <p>2001</p> <ul style="list-style-type: none"> • Tackling the diseases of poverty 	<p>2002</p> <ul style="list-style-type: none"> • Waste not, want not: a strategy for tackling the waste problem • In demand: adult skills in the 21st century - part 2 • Delivering for children and families: the inter-departmental childcare review • The energy review <p>2001</p> <ul style="list-style-type: none"> • In demand: adult skills for the 21st century • Renewable energy in the UK: building for the future of the environment • Migration: an economic and social analysis <p>2000</p> <ul style="list-style-type: none"> • Winning the generation game <p>1999</p> <ul style="list-style-type: none"> • Rural economies 	<p>2000</p> <ul style="list-style-type: none"> • Rights of exchange: social, health, environment and trade objectives on the global scale • Prime Minister's review of adoption • Counter revolution: modernising the Post Office network • Recovering the proceeds of crime <p>1999</p> <ul style="list-style-type: none"> • Encryption and law enforcement
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Table 16 lists non-PIU/PMSU publications.

Table 16: Non PIU/PMSU reports 1999-2006

Year	FSU reports	GSRO	Discussion papers
2006			<ul style="list-style-type: none"> The UK Government's Approach to Public Service Reform
2004		<ul style="list-style-type: none"> Designing a Demonstration Project: An Employment Retention and Advancement Demonstration for Great Britain - second edition 	<ul style="list-style-type: none"> Life chances and social mobility Personal Responsibility and Changing Behaviour: the state of knowledge and its implications for public policy
2003		<ul style="list-style-type: none"> Trying It Out - The Role of 'Pilots' in Policy-Making Large Scale Social Experimentation in Britain: What can and cannot be learnt from the Employment Retention and Advancement Demonstration? Quality in Qualitative Evaluation: A framework for assessing research evidence Designing a demonstration project 	<ul style="list-style-type: none"> Innovation in the public sector
2002	<ul style="list-style-type: none"> Health strategy review 		<ul style="list-style-type: none"> Life satisfaction(s) Satisfaction with public services High performing cities(s) Creating public value(s) Social capital(s) Geographic mobility(s)
2001	<ul style="list-style-type: none"> Education strategy review Transport strategy review 		<ul style="list-style-type: none"> Better policy delivery and design Social Mobility

Source: PMSU website, 15 July 2006

The PMSU has produced a number of think pieces covering issues such as social mobility, personal responsibility and life satisfaction. Such pieces were aimed at presenting innovative or imaginative ways of thinking about factors that often underpin the success or failure of a

government. In 2002, the production of such papers was an important part of the output of the PMSU. However, according to a senior ex-official of the PMSU, some of the work produced was deemed by government to be controversial and the unit has produced fewer such papers in recent years. The production of such papers highlights the unit's role in developing creativity by looking beyond immediate concerns and voicing more challenging ideas. The fact that such ideas were considered to be controversial and the PMSU came under some pressure for producing un-commissioned think pieces shows the difficulty in retaining CPSCU which is genuinely freethinking and creative. Most of these papers were produced within a relatively short period of time highlighting the limited time available to CPSC within the lifecycle to be creative and experimental before the government becomes nervous and wishes to retreat to the status quo.

The most recent output of the PMSU as at the beginning of September 2006 consisted of

- The UK Government's Approach to Public Service Reform: a discussion paper prepared as background to a conference organised by the National School of Government in June 2006 on *'21st Century Public Services - Putting People First.'* The aim of this paper was to

'set out the main elements of the UK Government's approach to public service reform, and the principles and evidence underpinning them'.

PMSU (2006)

- Schools reform – a survey of evidence produced jointly with the Department for Education and Skills (DfES), which reviews the international evidence on the impact of schools reform on educational attainment and other outcomes. This is published on the DfES website. The PMSU is credited as a joint author.
- The energy review – a joint project with the DTI published on the DTI website. The PMSU is not credited as a co-author.

This continues the collaborative approach adopted by the PMSU more recent years. Initially the PMSU did not work as an equal partner with departments but preferred to remain solely responsible for their reports and conclusions. This new approach supports the PMSU's aim to develop strategic capability at a departmental level. A joint approach may also facilitate successful implementation by the spending department. Alternatively, it may also indicate a loss of control and weakening of position of the PMSU and of the steering capacity of the government.

In addition to the above reports, as already described, the PMSU produced its on-line guide to strategy development, *'the strategy survival guide'*, and set up the Strategy Forum and the Strategy Network: both structures intended to facilitate the sharing of strategy development at director and practitioner level across the UK. This development of guidance for the rest of government supports the government's recognition of strategic policy-making as:

'a professional discipline in itself involving serious analysis of the current state of affairs, scanning future trends and seeking out developments elsewhere to generate options; and then thinking through rigorously the steps it would take to get from here to there.'

Blair (2004)

This development takes the PMSU into the area of collective learning. It becomes a facilitator of departmental strategy development rather than operating a top down controlling approach. This could be seen as a response to a government in steering mode as it enables the centre to keep informed but not in charge.

The work programme of the PMSU in the first half of 2006 was focused on joint projects. These included:

- *Education: ongoing work with the Department for Education and Skills.*
- *NHS Reform: ongoing work with the Department of Health on NHS reform.*
- *Local Government Reform: supporting work on the local government White Paper.*
- *Home Affairs: ongoing work with the Home Office.*
- *Child Support: working with DWP on longer term policy and delivery arrangements for child support.*
- *Social exclusion: joint work with a range of departments to analyse issues and potential policy responses focusing on teenage pregnancy, children in care, mental health problems and early intervention for problem families.*
- *Public service reform: the Unit has a small team to take forward work on cross-cutting public service reform issues.[following the closure of the Office of Public Services Reform]*

Source: PMSU website www.strategy.gov.uk accessed 1 September 2006

What is notable about this programme is the extent to which current work is undertaken in partnership with departments and appears to be relatively unfocused. Instead of examining specific policy problems, the unit is offering general support on a range of ongoing policy areas.

3.6 *Impact of the units*

In its early days information about the budget, staffing and work programme of the PIU/PMSU was primarily only publicly available through House of Commons written questions. The PM outlined the first work programme in late 1998 at which point he also reiterated the purpose of the unit to be to

'improve the capacity of Government to identify and address strategic, cross-cutting issues and promote innovation in the development of policy and in the delivery of the Government's objectives.'

HC Deb (1998-99)

The most recent success measures of the unit, as publicised via the PMSU website in April 2006 are considered to be:

- specific policy changes and measures;
- raising the profile of issues or re-framing the way in which they are considered;
- building strategic capability in central government;
- customer/stakeholder feedback; and
- positive impacts on economic and social outcomes.

The unit has sought to measure its impact via the production of Impact Tracker Reports publicised on the unit's website. The most recent of these reports was produced in May 2004. It lists each report produced, the recommendations and actions included and their dates for implementation and monitors progress against these actions. This report lists the main changes arising from the work of the PMSU as:

- *29% more children were adopted in 2002 than in 1999/2000;*
- *a recent independent survey rated the UK second only to the United States as the best environment in the world for e-commerce;*
- *the creation of a new Assets Recovery Agency to seize the assets of criminals;*
- *the establishment of universal banking services and associated changes to the Post Office network;*
- *measures to increase labour market participation by the over-50s which have contributed to a significant turnaround;*
- *the reshaping of Government regional offices and the establishment of the Regional Co-ordination Unit;*

- *the creation of at least 250,000 new childcare places by 2005/06, and the establishment of new children's centres to provide childcare, family support and health services in one place;*
- *the development of a radical new 'demand-led' strategic framework for Government policy on workforce development including entitlements to Level 2 skills for all adults;*
- *a new approach to rural policy, with a focus on environmental management, new industries and a more targeted approach to agricultural markets;*
- *proposals for a modern legal framework for charities, now being taken forward by the Home Office;*
- *a wide-ranging new strategy that aims to ensure that British ethnic minority groups no longer face unfair barriers to achievement in the labour market;*
- *a major expansion of renewable energy in the UK;*
- *police and Customs have seized £55m and confiscated £37.6m since January 2003 when the Proceeds of Crime Act came into force; and*
- *establishment of the new National Offender Management Service, bringing together police and probation with a new approach to offenders and crime reduction.*

Source: PMSU (2004)

However, as often the position in evaluating such work, it can be difficult to directly link the work undertaken to the results achieved. It could be asked if the same results would have been achieved if individual departments had undertaken the same policy analysis work.

Alternative measures of the impact of the unit could be developed. Two possibilities are the extent to which the work of the unit gives rise to parliamentary questions or informs committee work; the other is the amount of press attention the unit attracts. A brief examination of the main five quality newspapers, the Daily Telegraph, The Times, The Independent, The Financial Times and The Guardian reveals how often they use material produced by the PMSU and gives some indication of the main areas where PMSU work appeared in the public eye. Figure 2 summarises this analysis.

Figure 2: Mentions of the 'Strategy Unit' between February 2002 and February 2006

	Daily Telegraph	The Times	The Guardian	The Independent	Financial Times
Total number of references	70	103	154	65	89
Number of different topics	24	30	42	29	35
Top five references	<ul style="list-style-type: none"> • Fishing 18 • Sport 12 	<ul style="list-style-type: none"> Charity reform 17 	<ul style="list-style-type: none"> • Charity reform 27 • Mulgan 	<ul style="list-style-type: none"> • GM crops 8 • Alcohol 7 	<ul style="list-style-type: none"> • Waste • GM crops

	<ul style="list-style-type: none"> • GM crops 5 • Charity reform 5 • Alcohol 4 	Fat tax 8* Reorganisation of the PMSU 7 Strategic audit 7 Alcohol report 7	16 <ul style="list-style-type: none"> • Alcohol 14 • Staffing 9 • GM crops 8 	<ul style="list-style-type: none"> • Staffing 5 • Reorganisation of the PMSU 4 • Health 4 	<ul style="list-style-type: none"> • London • Disability • Staffing
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*actually part of a wider report on personal responsibility but reported under the heading of the 'fat tax'.

Source: Lexis (2002-2006) and Neon (2002-2006) (via personal communication)

No report was covered by all five titles. The GM crop report and the alcohol report received press attention across four of the five. The issues receiving most attention by each paper are generally a reflection of the perceived interests of the readership of that paper. In general coverage of individual reports was quite positive, often highlighting key new policy ideas. However coverage of the staffing or reorganisation of the PMSU tended to be somewhat more negative. The Guardian appears to be very interested in the activities and views of the ex-Director, Geoff Mulgan; the current director has obtained no equivalent coverage.

A similar review of Hansard for the House of Commons identifies a wide range of oral and written questions relating to the PMSU and the predecessor units. A small number of these are simply questions enabling reports to be introduced in to the House of Commons however many others asked about specific reports and recommendations. The reports attracting most attention were the Post Office and the energy reports. Critical attention tended to focus on the staffing of the unit and, in particular, the role of Lord Birt. A small number of questions have been asked about the impact of the work of the PMSU; generally the response refers the questioner to the PMSU website.

Staff within the PMSU can identify projects that were more successful than others. In particular, a team leader noted that a specific project on productivity fizzled out as the customer was unclear. Perhaps not surprisingly two of the key leaders of the unit have expressed satisfaction with the unit's achievements. Mulgan (2004:184) argued that

'at a national level, more corporate approaches to policy-making and delivery have become accepted',

which he implied led to more successful policy delivery. On leaving government Birt (2006) noted that

'I left government in December feeling that I had seen a substantial and significant improvement in the capability of government.'

Views on the departmental strategy units are mixed. The view from the centre expressed by two SAs was that there was a lack of strategic capacity at departmental levels and departments have felt disempowered; a view that is not surprising but is difficult to measure. It might be expected that the PMSU would wish to preserve its own position by denigrating the capacity of the departmental units, although it should be noted that the lack of strategic skills within the civil service has been identified by others (for example, Turnbull (2006)³⁸). In the future, if such skills are not developed it may be a measure of failure for the central PMSU which is tasked with developing capacity throughout government. Senior officials and SAs at the PMSU and the No.10 Policy Directorate also agree that the operation of the departmental strategy units is variable with some better integrated with their departments than others. The DH unit was suggested as a successful unit at the centre of the operations of the DH while some other units (the DfES unit was mentioned) took somewhat longer to get going and has yet to engage in 'real' long-term thinking.

However none of the measures examined above or the comments offered by interviewees really got to the core of the problem of measuring impact. How does the SU know that its work results in improved policy development, policy implementation, outputs or outcomes? One response to this dilemma is to indicate that it is too early to say as the unit has not been in place in its present incarnation for a long time compared to the other structures within the civil service and it is supposed to focus on medium to longer-term issues which by their nature may not produce 'results' for some time. This response somewhat evades the issue.

The impact of the unit could well be measured by the extent to which other parts of government proactively sought SU input to their operations and provided positive feedback on such input. Such data has not always been collected and is not publicly available. Alternatively the views of politicians who have reason to engage with the unit could be sought. These actions would provide some evidence of impact through process but still not fully address key issues of impact on policy or outcomes.

The unit will find it difficult to demonstrate its impact on specific policy changes and resulting positive impacts on economic and social outcomes (as outlined in their stated measures of success) unless its profile is increased significantly within and outwith government to enable outsiders to clearly identify the origin of the success measures chosen by the units and to follow any reframing or refocusing of such measures. This would require

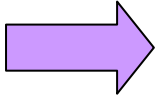
³⁸ See how this issue is being addressed via the professional skills for government programme at <http://psg.civilservice.gov.uk/content.asp?id=1>.

a greater public profile and a higher level profile across government, in particular the role of the Director or head of strategy in each department would need to be a high profile role.

3.7 The trajectory of the lifecycle

From the above analysis of the development of CPSC in Whitehall, the lifecycle of the PMSU within the lifecycle of the government can be traced, and the changes in the aims of the PMSU and the change mechanisms adopted aligned with the PMSU lifecycle phases. Tracking the lifespan of the government from the time of coming to power to the present date, it is possible to see how the aims of the government in terms of modes of governing have changed and how the government and its CPSCUs have worked through the lifecycle. To support the government as it moved through its lifecycle stages, the PMSU changed its role, its remit, its structures, its partnerships and its *modus operandi* on a number of occasions as summarised in Table 17.

Table 17: The current positioning of the Whitehall CPSC within the lifecycle

	Elevation	Embedded	Establishment		Enfeeblement
Government aim	Centralisation for control	Co-ordination of complexity	Steering to fight hollowing out	2005-2006 Is the government and the unit in the process of moving from one stage to another? 	Centralisation for control
Lifecycle of the SU	Creation	Restructure	Institutionalisation		Reinvent
Objective of the strategic unit	Reducing uncertainty	Developing creativity	Collective learning		Fire-fighting
Change mechanisms adopted	Instrumental Related developments preferred Agency dominates	Dynamic Revolutionary Structures dominate	Incremental Related developments preferred Culture dominates		Revolutionary Divestment
Timing	From election to 2001	2001-2003	2004-2005		2006-2007?

The first phase of the government lifecycle, the elevation stage was characterised by the centralised control that was so much a characteristic of the earlier days of the Blair government. In the beginning, reducing uncertainty particularly around the environment and guiding values was the main aim of the (then) PIU. A mode of operation and set of methodologies was created and used to deal with policy problems. The driving force was the support of the PM and the influence of the second director of the PMSU. This resulted in the initial output of the PIU being focused on specific project reports. Incremental and related

developments were the preferred modes of operation, with reports on more difficult issues or involving a wider range of departments or stakeholders forming the main basis of change in the early days.

Examples of the recognition of complexity and the need for co-ordination rather than control became evident moving into the second term in office, particularly in the area of public sector reform where initially optimistic plans for speedy public sector reform were knocked off course by the unwillingness of managers and staff with the public sector to follow unquestioningly a regime of centralised control. This moved the centralisation agenda to one of co-ordination and highlighted the inherent complexity of many areas of policy and delivery. At this stage, during the period from spring 2001 to autumn 2001 structural reform and the impact of the structures in place became the dominant factors in changing the direction and aims of the PIU. The creation of the FSU to undertake longer-term pieces of strategy work in semi-private alongside the PIU, which continued to look at mid-term specific policy issues in the public gaze, expanded the remit of the units as a whole to encompass issues of strategic futures and strategic development. This involved a wider range of individuals from outwith the civil service and raised the profile of the units amongst the media, Parliament and the rest of Whitehall. Developing creativity became a more important role for the units, particularly after further structural change in the creation of the PMSU from the merger of the PIU and the FSU. More time was spent producing 'think-pieces' and looking towards the future rather than just focusing on specific policy problems. Change at this point was dynamic and revolutionary with new approaches, new staff and new structures all readily embraced.

By 2004 weakening of the ability to control or to co-ordinate moved the government into the next stage of the lifecycle: the establishment stage. This stage is characterised by government steering. This was the approach taken by the centre when it moved towards requiring departments to develop their own strategic capacity through creating departmental strategy units and producing five year strategies. The use of this approach could be seen as an attempt by the centre to steer the activities of the departments while also devolving elements of delivery. At this stage the PMSU offered support in two distinct ways, the continuation of creativity in terms of strategic thinking but more importantly the concept of collective learning albeit in a slightly different form to Friend and Hickling's (2005) policy evaluation. Collective learning came to the fore in terms of the PMSU assisting departments with the developing of strategy and the tools for policy-making, and by the PMSU working with departments to assist in addressing policy problems. By acting in the central supporting role, the PMSU was well placed to share ideas of good practice and to begin to gauge what

works best in strategy development. While phase one of the lifecycle of the PIU, creation, was characterised by the dominance of agency and phase two, restructure, was characterised by the development of new centralised structures, in phase three, institutionalisation, agency and structure are more finely balanced as explanatory factors for change, but both are dominated by the creation of a certain organisational culture based on an acceptance of strategy as a mechanism for government and the institutionalisation of the structures and processes required to create such strategy. This created an equilibrium balancing the impacts of structure and agency but risked the loss of a creative edge and enhanced the possibility of marginalisation as the departments took on the strategy development role for themselves.

The question at this stage, late 2006, is to what extent the lifecycle of the government has moved into its final phase, that of enfeeblement? In political terms the Blair government is judged to be failing but this does not necessarily spell the end of a Labour government. Lifecycle analysis tends to equate the end of the lifecycle with either a new leader or an election, although it is possible that a new leader would follow on from their predecessor and not start a new phase of the lifecycle. Is the current situation one where a return to centralisation appears to be taking place? To remain relevant in this situation the PMSU might seek to reinvent itself to assist a government either struggling to remain in power or a government running short of ideas. This could involve the unit in elements of fire-fighting, a dangerous sign for the longer-term survival of the unit, or else the PMSU could engage in revolutionary change, developing new ideas or new modes of operation to return to the starting point of a new lifecycle. Some change to organisational culture is needed to stimulate such change; this is most likely to come from the impact of agency through the actions of political leaders or of the head of the unit.

The PMSU is now working within a new paradigm of supporting departments with their mainstream strategy and policy development work. This could be interpreted as supporting collective learning but could also be seen as an attempt to mainstream central control through PMSU involvement with strategy and policy development in major areas of policy. A move towards centralisation could also be indicated by the establishment of the Social Exclusion Task Force in the Cabinet Office, established under the auspices of the PMSU, and the transfer of responsibility for public service reform to the PMSU. The activities of the PMSU are expanding to encompass a wide range of activities, all of which have political salience in the shorter-term and have the potential to increase centralisation. Such a shift in emphasis could also be considered to have an element of fire-fighting attached in terms of the spread and range of activities adopted. There is yet to be a significant change in the objectives or operations of the unit that could be seen as re-creation.

The impact of the lifecycle of government on the changing focus and objectives of the PMSU is clear. The PMSU exists to support the PM in his objectives and has adapted as required when the objectives of the PM regarding the roles and processes of government have changed. Unlike other parts of the civil service which are often regarded as reluctant to change, the PMSU and its management must change to avoid abolition or marginalisation although it runs the risk that such change will ultimately lead to the demise of the unit³⁹. CPSCUs face four main challenges.

1. To remain in contact with the rest of the bureaucracy and not to be perceived as an unnecessary overhead.
2. To produce work that pays due attention to political and delivery reality while following an evidence-based paradigm to avoid alienating the rest of Whitehall and becoming seen as at best a nuisance, at worst an obstruction.
3. To avoid unnecessary bureaucratisation to maintain the creative edge required to produce new ideas.
4. To avoid being sidelined by an unsupportive PM who does not see the need or sees less need for such a unit or, like Margaret Thatcher, felt that it interfered with the implementation of plans arising from ideology or conviction politics.

To date the PMSU and its predecessor units have followed the predicted lifecycle path but is it now possibly reaching the end of its useful existence in its current incarnation? Looking at the four challenges for any CPSCU, it can be seen that the unit can respond to at least the first three. Maintaining meaningful contact with other government departments was stimulated by the departmental strategic approach, although it would be fair to say that central/departmental relationships were variable. The most recent work of the PMSU in terms of supporting policy development across a range of departments offers other options for maintaining and enhancing such relationships although it is too early to comment on the efficacy of this approach. Regarding the second challenge, the PMSU appears to have produced work that has led to action and change according to the PMSU tracker reports. However there is a possibility that departments might argue that they would have undertaken some of this analysis or developed some of these policies themselves without assistance from the PMSU. The final clearance procedure for PMSU reports is likely to identify undeliverable policy ideas but also runs the risk of moving away from evidence-based policy to policy meeting short-term political concerns. Aldridge (2006) demonstrated a fine

³⁹ As highlighted by a number of interviewees

awareness of the need to balance evidence and political realities which would help to ensure that the work produced by the unit remains relevant, but Aldridge's position was challenged by Donoughue (2006) who commented that '*I think it is important, even for a Strategy Unit, that an outsider should chair it.*' due to what he saw as the inevitable conflict faced by a civil servant in this role.

The unit has engaged in a degree of bureaucratisation through, for example, a formalisation of the processes for recruitment within the unit and the use of the Strategy Survival Guide to shape projects. As the unit grew, such bureaucratisation is inevitable in order to render it manageable. More important is the extent to which the unit is in danger of becoming embroiled in the more general bureaucratisation of the civil service. To date this appears to be avoided through the regular turnover of staff, the prevalence of teamwork and the relatively flat teams.

The fourth challenge is where the unit is vulnerable. If the PM withdrew support, it is hard to imagine the unit remaining in place. Its unique character and its flexibility mean that it is not firmly established as a routine part of the civil service. It is still primarily a support to the PM and as such retains its relevance as long as the conditions for CPSC remain in place. Given the announcement in September 2006 by the PM of the political policy reviews to be undertaken, it is becoming increasingly clear that the government is attempting to embark on a process of reinvention. What is less clear is the future role of the PMSU as a non-political strategy unit.

4 Centralised policy-making in Scotland – from the policy unit to the strategy and delivery units

4.1 Background

4.1.1 Introduction

The creation of the Scottish Parliament in 1999 with primary legislative powers and a wide range of devolved responsibilities set the scene for an administration that was expected to use its powers to produce distinctly Scottish solutions to Scottish policy problems. The public had high expectations of the Parliament although at times it appeared that the media took pleasure in undermining the institutions of the Parliament and the Scottish Executive. However Ministers within the newly formed SE were somewhat suspicious of the inherited civil service and all too aware of the relative lack of policy-making capacity within Scotland, and the SE in particular, compared to Whitehall and London. The answer to this problem was seen to be the creation of a Policy Unit (PU) from the beginning to provide advice to the FM and to build strategic capacity.

The SE suffered from an unexpected change in FM, not once but twice, in the first two years of existence following the sudden death of Donald Dewar and the resignation of Henry McLeish. This impacted significantly on the operations of the SE and, in particular, on the structures, staffing and objectives of the Policy Unit and subsequent Strategy and Delivery units. Hence the lifecycle of CPSC within the SE could be conceptualised as restarting on each change of leader. This highlights the key role played by the leader and the importance of agency in establishing a new institution, i.e. CPSC. However, after two ‘false starts’ a CPSCU within the SE was established very much in the mode of the PMSU in Whitehall.

The lack of a clear traditional ideological perspective in Scotland, like Whitehall but unlike Wales, left the way open for an evidence-based underpinning of policy formulation and a managerialist approach to strategy. This strengthened the role of the PU (later the Strategy Unit (SU)) and provided its heads with ministerial support. With this base level of support the SU was able to progress through its lifecycle in tandem with the SE. Again this follows a similar trajectory to Whitehall. However, in one respect the Scottish SU differs from both Whitehall and Wales; it has not been actively involved in the production of strategic guidance, strategic tools and building strategic capacity to the same extent as in the other administrations. Therefore its involvement in developing creativity and collective learning across the SE has been somewhat more limited in this respect. The more recent focus of the SU on producing a strategic audit and think-pieces on future trends is another approach to

developing creativity and collective learning from the top down, continuing the centralising trend of the McConnell government and the use of strategy as a controlling tool.

Overall, the SE is beginning to move from the embedded stage of the government lifecycle to the establishment stage with a focus on developing creativity and collective learning. To match this phase, the SU has restructured and is refocusing its work moving to a phase of institutionalisation. Changes occurring at this point in the lifecycle are becoming dominated by issues of culture and the adoption of institutional norms around the use of strategy and the merits of a corporate approach.

Before analysing the progression of the PU and SU through the lifecycle, this chapter sets the scene by looking at a number of contextual issues, namely: the creation and strengthening of the core executive; the source of CPSC; developing policy post devolution; the impact of coalition and the role of the SAs. It concludes by outlining the structure adopted in the rest of the chapter.

4.1.2 The creation and strengthening of the Core Executive

On the creation of the SE, in common with the WAG, Ministers and departments were not matched in order to encourage cross-cutting working. There was no substantive equivalent to No.10 Downing Street or the Cabinet Office. As noted by Keating (2005:99) this followed on from Scottish Office tradition where the administration was organised as a federal structure around a small centre. Lynch (2006) identified a small number of departments that could be considered to act in some co-ordinating role, including the Finance and Central Services Department, the Legal and Parliamentary Services Department and the Office of the Permanent Secretary (OPS). However it was not until the appointment of John Elvidge as the Permanent Secretary of the SE in 2003 that the OPS was created in July/August 2003 creating the basis of a Core Executive. The OPS brings together a number of centralising units as shown in Table 18.

Table 18: Organisation chart of the Office of the Permanent Secretary

Analytical services group	Ministerial support group	Change and Corporate Services	Performance and innovation unit
Head of Analytical Services group Ian Sanderson	Sarah Smith	Paul Pagliari	Nick Parker
Senior Economic Adviser Fiona Robertson	Cabinet Secretariat Sarah Davidson	Head of HR Susan Beevers ⁴⁰	
Office of Social Researcher/Chief Researcher Diana Wilkinson	Strategy Unit Lesley Fraser	Facilities and Estates Services Ralph Garden	
Office of the Chief Statistician: Robert Wishart	Delivery Unit Kate Vincent	Changing to Deliver Ginny Gardner (temporary)	
	External Support Division Trevor Lodge	Communications and information services Paul Rhodes	
		CCS finance Alex Stobart	
		Senior Staff personnel and performance Thea Theale	
		Property Advice Division Anthony Andrew	

Source: Scottish Executive (2006) accessed in July 2006 at <http://www.scotland.gov.uk/Resource/Doc/923/0034519.pdf>

This new department is *de facto* a Scottish Cabinet Office or an Office of the First Minister although for political reasons it does not bear either of these titles. In the beginning there was some suspicion amongst staff of what this development represented, was it a new permanent secretary indulging in empire building or the adoption of a presidential approach? Lynch (2006) suggests that this department was merely a mechanism for serving the Cabinet; however it appears that others regard it as having a more influential role. Senior staff and SAs agree that its creation represents a move towards a corporate HQ approach as noted by Elvidge himself who is said to have ‘*increased corporacy*’ as an aim of his reforms⁴¹. One

⁴⁰ Susan Beevers has since left

⁴¹ In informal conversation

official interviewed specifically noted that synergies were created by bringing together a range of functions into the OPS. This approach is aimed at overcoming the previous federal approach noted by Keating (2005), where departments were the principal unit, and moving towards a more corporate executive. Although the establishment of the OPS is not characterised by staff or SAs as creating a command and control structure, it is tasked with bringing about some consistency with respect to core messages, collective responsibility and a clear programme for government.

The development of this stronger centre was a joint project of the FM and the Permanent Secretary. The FM wanted to improve co-ordination and to build a support mechanism for the 'whole'. According to officials interviewed, the FM felt cut off from what officials were doing and wished to strengthen his links with the civil service. The Ministerial support group and in particular the SU connects the FM to the civil service. The OPS sees itself supporting cabinet, trouble-shooting and '*banging heads together*' according to a senior official. It is also responsible for UK liaison as there was a feeling that contact with Whitehall was being lost.

Alongside the creation of the OPS the establishment of the Management Group (MG), consisting of the most senior departmental civil servants and outside non-executive directors to act as a corporate board, enhanced the ability of the SE to operate in a more joined-up way while also strengthening further the impact of the centre. Elvidge has used the media to outline his approach to problem solving in government and the role of the MG. For example in an article in the Scotsman in August 2005 reviewing Elvidge's impact on the SE, the role of the Management Group was defined as follows.

'First, to pull together the different department so the organisation works as one. The group also has to lead the civil service and provide strategic direction for the organisation, giving what he [Elvidge] describes as a "strong sense of values and purpose". And MG had to "support the process of government" [Elvidge] providing the Scottish Cabinet with the policy-making capacity to back up ministers'.

MacMahon (2005)

This corporate approach appears to be influencing how others within the MG and the OPS operate, not surprising given that many of the staff in post are relatively new appointments made by Elvidge. Many interviewees used similar language to describe their roles and the development of the SE. The consistent use of such language is a common feature within the SU. It suits an approach to government where the conceptualisation of government as an organisation capable of process management and centralisation is adopted.

4.1.3 The source of CPSC

Within the SE, centralised strategy advice is provided by the SU based within the Ministerial Support Group in the OPS. The SU was created in 2003 as the successor to the PU which itself developed out of the pre-devolution Management Group Support Staff Unit (MGSSU). Originally the SU was situated alongside the Delivery Unit (DU) with the same person in charge of both but this arrangement has recently been changed and the SU and the DU are now separate entities each with their own head.

4.1.4 Developing policy capacity

Pre 1999, the Scottish Office acted as the Westminster government's executive in Scotland. The last major changes in this Scottish Office took place in the 1960s, since which any change has been described by some commentators as incremental (Brown et al, 1998:101). Indeed there are a number of academics, known as the Strathclyde School, who contend that all change within the Scottish Office and SE could be described still as incremental and path dependent with little scope for autonomy or divergence. However, others beg to differ, Keating (2002:3) notes that Scotland had a greater degree of policy autonomy, than Wales, which was more closely linked to Whitehall networks, or Northern Ireland which tended to shadow Britain. Loughlin and Sykes (2004) suggest that before devolution Scotland sought to adapt Westminster policy compared to Wales which sought to adopt it. The work of these commentators and others suggests that Scotland was more active in developing and adapting policy than might be inferred from the post devolution criticism of the SE's policy capacity that has tended to come from those outwith the system who have veered towards negativity.

There is a perception amongst some Scottish politicians and civil servants that pre devolution, the Scottish Office relied on Whitehall for policy-making and did not require a well developed 'thinking' capacity. As noted by a senior official, the Scottish Office followed the baronial tradition whereby permanent secretaries concentrated on holding their departments together rather than providing cohesive forward-looking leadership or making cross-government coherent policy. This was in line with the model in operation in Whitehall. A senior politician interviewed considered that there was a lack of good policy formulation at the heart of government in the early days post devolution leaving politicians dependent on outside sources of advice, which were not subject to the same degrees of objectivity as might be expected from the civil service.

The newly devolved Scotland faced new areas of work that required innovative thinking. Some of the public criticism of the SE's early performance is likely to have arisen from an

insufficient understanding of the constraints on the ability of the SE to develop a Scottish policy-making capacity and distinctly Scottish policy. Key constraints included:

1. The political make-up of the Parliament which from the beginning could be described as soft left. This perception, coupled with the public perception post devolution that Scotland would adopt a more collective approach to public services as part of the general acceptance of a socialist tradition in Scotland, created a climate where the range of approaches to policy analysis and acceptable alternative solutions to ongoing problems was self-censored by policy-makers who engaged in a degree of groupthink with the media and civil society. It is questionable whether, in fact, this perception represents reality.
2. The size and insularity of the policy community in Scotland led to a lack of creative thinking about the nature of policy-making and the institutions required.
3. There was also a tendency at the beginning to *'reject what's happening in London because it's London, instead of seriously debating developments in England and Wales'* according to a political interviewee. Politicians and civil servants were keen to demonstrate the relevance of the Parliament by looking for Scottish solutions and the civil service hierarchy was afraid of policy drift to England.
4. The relative inexperience of politicians, civil servants and the media at dealing with policy discussions was also a hindrance. It is interesting to note that about one third of the senior civil service is new since devolution. This means that individuals may be more comfortable developing new ways of working, but it also means that they lack policy experience and Whitehall contacts.

Notwithstanding these constraints, a more positive assessment of the situation was offered by senior officials and Dewar himself who described the development of the SE since 1999 as *'a journey'* and felt that the capacity to act as a Government was being established.

4.1.5 Coalition government

The presence of a coalition government also impacted on the nature of policy-making as the parties formulated detailed Partnership Agreements post the 1999 and 2003 elections. The production of a document that sets out commitments for the next period of government in a more compete and specified way than a typical political party manifesto is considered by Ministers and SAs to drive policy and set a clear agenda for the civil service. A view from the SAs was that the civil service did not treat this document seriously enough and at times failed to maintain the priorities contained within the Partnership Agreement. A counter-view from the civil service indicates that indeed the Partnership Agreement was a driver for their

work but that some priorities were more important and deliverable than others. However both SAs and civil servants were agreed that the presence of this document provided a basis for action outwith which it was difficult to stray. Any deviation from these commitments has come from the FM who has introduced a number of new areas of policy such as the smoking ban and the Fresh Talent scheme.

4.1.6 The role of SAs

The position of SAs in Scotland differs from Whitehall. Up to 12 SAs may be appointed with nine appointed by the FM and three appointed by the Deputy FM (DFM). The FM and DFM decide how these appointees should be distributed amongst Ministers or retained in the centre. With such a limited number of SAs and the absence of SAs appointed by individual Ministers, the potential for clashes between departmental advisers and centre advisers is minimised. Unlike Whitehall, Scottish SAs do not have control over civil servants, thus potentially reducing their influence over policy. Finally, operating in a coalition government has an impact on the nature of the day-to day work of the SAs who play a role in ensuring that the coalition arrangements remain workable, further reducing their availability for detailed policy input.

4.1.7 The structure of this chapter

The development of CPSC in Scotland begins shortly before the advent of devolution in 1999. The trajectory of development is clearly delineated by the changes in FM that have taken place since 1999. This provides a chronological framework that can be used to analyse the development of CPSC in Scotland and to trace the development of the lifecycle. So the chapter is organised in three parts: the Dewar era, the McLeish era and the McConnell era. Within each part subsections analyse issues of aims and objectives, staffing, work undertaken, outputs and impact. Throughout this analysis, the lifecycles of the government and the PU/SU are traced and influencing factors considered. A conclusion summarises the key stages of the lifecycle.

4.2 Version one – the Dewar era

4.2.1 The creation of the MGSSU

Prior to devolution, a senior civil servant was tasked by Donald Dewar with the development of a quasi Policy Unit called the Management Group Support Staff Unit (MGSSU). Dewar wanted strategic capability at the centre of the office *‘to think for him and the wider organisation’* according to a senior official. This group consisted of 3-4 civil servants. Two SAs worked with the group but were not formally part of the group. The MGSSU’s role was

to work with the Permanent Secretary to develop post devolution structures and to identify the key policy issues that would need to be addressed post devolution, such as the voluntary sector and equality. It was also responsible for supporting the partnership negotiations and the production of the Partnership Agreement based on the relevant political manifestos. The group also looked at some specific cross-cutting issues such as science policy and youth crime. No outputs were made publicly available for the work on science policy; the final report on youth crime was published in 1999 post devolution under the auspices of the PU.

The MGSSU evolved into the PU headed by Brian Fitzpatrick, a special adviser, post devolution. The aim was to create a '*mixed economy*' unit combining the analytical powers of the civil service with the political awareness of the SAs according to a senior official closely involved in the unit's development. The previous civil service head of the MGSSPU became the deputy head of the Policy Unit.

4.2.2 The aims and objectives of the Policy Unit

The role of the PU at its inception was described as follows

'Its members are engaged in developing the strategic capacity of the Executive and working up new policies. Those who are SAs also give political advice to Ministers.'

Dewar (2000)

The overall agenda for the unit was established by the FM rather than the head of the unit according to senior staff. This unit was responsible for the production of reports on specific topics regarded as key priority areas for the new devolved government, for example, civic participation. It also examined systems issues and methods of working. The unit attempted to do some horizon scanning beyond the electoral cycle and presented to the Cabinet the outcomes of some initial futures work, although at that point the primary interest of the government was in rather more short-term issues. The work of the PU was characterised by a senior official interviewed as work others might like to do but didn't have the time or resource to do alongside their normal administrative responsibilities, e.g. in-depth analysis and intellectual input within a reasonable timeframe. In this respect the unit also differed from the existing SE research capacity in terms of the timeframe for reporting and its ability to move beyond analysis to offering policy recommendations. As noted by a senior official, the unit did not wish to generate large volumes of work that would require the input of outsiders at this early stage. However the remit of the unit was wide-ranging in comparison to the rather narrower remit of the current SU, although parts of the original remit, particularly those involved with systems issues, have subsequently been adopted by other parts of the SE, for example, the new Scottish Performance and Innovation Unit. One official

commented that the aim at the beginning was to avoid bureaucratisation through the development of formal or rigid processes.

The wide range of tasks assigned to the unit made it difficult for the unit to clearly define its primary purpose and raise its profile amongst the rest of the SE. It appeared to be closely involved with Wendy Alexander the, then, Minister of Enterprise and Lifelong Learning on issues of social inclusion (Parry and Jones, 2000:8) and with the production of the first Programme for Scotland, two very different tasks.

The PU followed a similar inception to the PIU and the PMSU in Whitehall. Both started by working on specific policy projects, some dealing with substantive policy issues, others with aspects of the processes of government. This is to be expected in the elevation stage of the government and the creation stage of the PU. Reducing uncertainty through policy analysis was the main aim of the unit. This provided the FM with the information required to develop new ways of working and to develop new policy. This had the potential to assist the government in developing a centralising approach, although it does not appear that this was an overriding aim of the Dewar government. In fact one of the possible problems with the Dewar government, which may have become more apparent if Dewar had been in post for a longer period, was the lack of a clear approach to governing. Was the SE seeking to adopt a centralising approach or an approach based on devolution to departments? Those who worked with Dewar commented in interviews that he wanted to maintain central control but lacked interest in developing suitable control mechanisms according to civil servant and special adviser interviewees.

4.2.3 Staffing

Details of the staffing of the PU at this stage in its lifecycle are shown in Table 19.

Table 19: PU staffing 2000

Name	Policy Area	Cross-cutting areas	Linked Advisers#
Brian Fitzpatrick (BF)* Head of Policy Unit	Justice Whitehall/Europe Constitution Enterprise Social Inclusion	Drugs Social inclusion Knowledge Economy	
Philip Rycroft (PR) Deputy Head of Policy Unit	Modernising Government Finance Europe	Modernising Government Science Sustainable Development	CW BF DM

	Environment		
Kenneth Hogg (KH)	Health and Community Care Rural Affairs Equality Voluntary	Equal Opportunities Rural Development Public Health	JR BF BF JR
Joanna Young (JY)	Children Pre-school and school education	Children	CW
Sam Ghibaldan (SG)*			Appointed by the DFM
Duncan MacIennan (DM)*	Social Inclusion Housing Local Government and local government finance	Social Inclusion Sustainable Development	Seconded for initial period of 2 years
John McLaren (JM)*	Finance Economy Enterprise PFI	Knowledge Economy Social Inclusion	
Chris Winslow (CW)*	Parliament Modernising Government Transport Lifelong learning Education – in particular -new community schools	Digital Scotland Social Inclusion – in particular -community participation -regeneration Knowledge Economy	
Phil Chambers (PC)*	Arts, Culture, Sport		
John Rafferty (JR)	Parliament Modernising Government Health		Principal Special Adviser
Jan Anderton (JA)	Executive Assistant		
Jenny Haggarty (JH)	Administrative Officer		
Catherine Docherty (CD)	Administrative Assistant		New Deal Programme

* Special Adviser (others are civil servants)

Each special adviser led on a number of policy areas and 'linked' to a member of staff in the PU

Source: Leicester (1999:5) plus Scottish Parliament website, written question number S1W-3297

The arrangements created a department with both civil servants and SAs working together on policy development. However, where a policy area was headed up by a civil servant, a special adviser was 'linked' to the area to provide political input (Leicester, 1999:5). The arrangements were intended to facilitate control over the unit, the civil servants and SAs by Dewar. In practice, these organisational arrangements were not very successful. This was at least partially due to Dewar's disinterest in developing suitable arrangements as noted in hindsight by Brian Fitzpatrick.

He was eventually persuaded of the need for a properly functioning political office and a reformed policy unit, such as Henry McLeish now plans. But sadly, his agreement came too late.

Fitzpatrick (2001)

Immediately post devolution there was a degree of mistrust between politicians and civil servants which led politicians to depend more on their SAs. However both had distinctive roles within the unit: The job of the SAs was to provide political advice while the civil servants in the unit were responsible for providing policy advice. By mixing both together, there was some uncertainty about the role civil servants should take in developing policy and its links to the political agenda, with SAs expressing some discomfort regarding civil servants undercutting manifesto commitments. In addition the advisers primarily operated with a short-term political focus while the civil servants were concerned with developing longer-term strategic thinking, hence conflicts inevitably arose. A review of the staffing difficulties amongst the SAs experienced by the Policy Unit during 2000⁴² points to a lack of the strong managerial leadership required to ensure that the civil service and the SAs could work together in an atmosphere of mutual respect. As noted by Parry and Jones (2000), there was

'a lack of re-conceptualisation of the roles of civil servants in the light of the changed political circumstances of devolution,'

a situation which did little to help the civil service develop a legitimate role in strategy development. The actions of the SAs in the early years of devolution when they didn't want to 'be corralled'⁴³ in a systematic way and wanted to be 'political butterflies'⁴⁴ flitting around rather than working in a systematic way did little to assist in building a cohesive policy unit. As noted by a senior official, it was easier to maintain the distinction between

⁴² Described in The Constitution Unit monitoring report for February 2000. *Nations and Regions: the Dynamics of Devolution*. Available at <http://www.ucl.ac.uk/constitution-unit/monrep/scotland/scotfeb00.pdf>

⁴³ As described by a civil servant

⁴⁴ And stated by more than one special adviser

political and non-political roles if specialist policy advisers from outside were used rather than political SAs.

In the early stages of the PU's life, its aim was not to draw resources away from other departments; hence its staffing resource had to be sufficient to cover its work plan. The PU wished to make more use of secondees with specific experience but was reluctant while relationships between ministers, SAs and civil servants were still developing. Hence the unit only made limited use of individuals from outside the civil service, to undertake specific project work, for example appointing the Director of Commissioning for Lothian Health Board and the Head of Policy Development from East Dunbartonshire Council to undertake the fieldwork for a review of cross-cutting policy⁴⁵.

The initial position of mistrust between civil servants, ministers and SAs did not help to move the government away from the initial elevation phase of its lifecycle as it necessitates the maintenance of centralisation and control and a reliance on agency as a driving force for change. Early developments within the SE were incremental rather than bold and radical, partially as a result of this uncertain working environment.

4.2.4 Budgets

The budget of the PU was not separately identifiable within the SE budget. In January 2000, in response to a written Parliamentary question (Scottish Parliament, 2000), Dewar reported that the total annual staff cost of the PU was £475,000 of which £275,000 was the cost of employing five SAs.

4.2.5 Output

During the Dewar era, the PU worked on three reports, *Making a Difference*, *Youth Crime in Scotland* and *Civic Participation* which eventually became public documents alongside the first Programme for Scotland. The involvement of the PU in the production of more political documentation continued with the requirement to prepare the first Executive progress report for publication. This was the final task of the PU under Dewar's leadership. The unit also worked on other issues such as equalities, although the output arising from work on these issues has not been made public.

The nature of these outputs and the unit's approach to publishing its work is a clear demonstration of the political priorities within which it operated. The coalition government

⁴⁵ See *Making a difference: effective implementation of cross-cutting policy* at www.scotland.gov.uk

necessitated the creation of a Partnership Agreement, which dealt with immediate political priorities and negotiated compromises. The job of the PU was to turn two political manifestos into a strategic programme for government with timed commitments and subsequently to report on the achievement of these priorities. Such work involved the unit in shorter-term political strategising and distanced it from the original aims of developing strategic capacity to work up new policies. Hence the unit was diverted from issues of reducing uncertainty through developing policy analysis and longer-term strategies to the more pragmatic production of shorter-term political strategies. However the production of such shorter-term strategy can provide a way to reduce uncertainty about related decisions and offer opportunities for joining-up discrete elements of policy.

While some of the work undertaken by the unit in this initial period was eventually published, other work remained internal to the SE. Senior officials commented that there was a lack of political will at times to publicise analysis or recommendations that could be challenging. Therefore it is likely that some of the initial work undertaken has simply been shelved. Without public scrutiny, the work of the unit is more likely to become marginalised.

4.2.6 Liaison with other parts of the UK

PU staff visited the PIU in London and staff from Northern Ireland came to Edinburgh but all had different agendas and points in common do not appear to have been identified. At that stage the PIU was engaged in detailed policy analysis and not political strategy. In addition the PIU did not contain SAs. Hence the two units had little to offer each other.

4.2.7 Impact of the unit

The unit in its early incarnation assisted the then permanent secretary, Muir Russell to manage the process of devolution through its work on the Partnership Agreement. However the impact of its work is difficult to evaluate given the lack of publicly available material. Unlike the PMSU, there is no public record of progress in taking forward PU recommendations. It is notable that the SE established an Advisory Group on youth crime to take forward the recommendations in the Unit's youth crime report. In spring 2000, Fitzpatrick embarked on a review of the role and organisation of the unit (Leicester, 2000:3). In the Constitutional Unit's August 2000 monitoring report on Scotland it was noted that this review had yet to report. It then appeared to disappear from view, overtaken by events following the death of Dewar. Senior officials commented that the PU left a legacy though its introduction of the idea of thinking ahead, of establishing cross-cutting committees and by simply surviving. Some of the project work such as that on science policy and equalities reportedly led to changes in policy and practice; other work was less successful. As there

was a lack of managerial leadership from Dewar, civil servants within the PU tried to maintain the cohesion of the unit while dealing with a lack of direction and inter-personal tensions.

At the inception of the unit there was suspicion from some of the SAs, and the group heads and MG were rather dismissive. The PU found itself in a difficult position and had to embed the idea that civil servants and SAs could work together while establishing a role for a central unit doing major pieces of work. The PU established a way of working that minimised the additional work created for other departments and tried to offer outcomes that would be useful. They focused on conversation as it was felt by officials that the PU would not work without being well connected to the broader organisation. Initially the PU liaised with MG and asked them to consider what their future issues would be. From an initial lukewarm response, the PU started to build a reputation and was seen as '*at least benign*' according to a senior official. The attitude of the MG changed and they started to think more collectively. The aim of the PU was to create a situation whereby people would come to them for help and support, and to support this aim the unit needed to be flexible hence the senior officials involved tried to avoid taking on more routine management tasks to reduce the risk of bureaucratisation.

On a less positive note, in hindsight, officials noted that a number of things could have been done differently. The work of the unit was thorough to an extent that it took too long to complete to be useful to policy colleagues and the outputs produced were also considered by staff to be too long and detailed. With less evidence and a '*lighter touch*'⁴⁶ more useful outputs more could have been achieved with limited resources. One senior official noted that the unit did not achieve its aim of being a supportive resource for other departments at this stage.

The aim of 'survival' points to the difficulties experienced by the PU in establishing and expanding its remit. In common with Whitehall and Wales, CPSC was initially treated with some suspicion, however the position in Scotland appears to have been exacerbated by the lack of leadership by the PM and the dysfunctional relationships between civil servants, SAs and ministers. This points again to the importance of leadership in the creation of a new unit. By the time of Dewar's death, the PU was stagnating.

⁴⁶ Ex senior member of the PU

4.3 Version two – McLeish

4.3.1 An abrupt change

The abrupt change of FM in October 2000 was an example of those unexpected events that can lead to revolutionary change. However revolutionary change was not expected as McLeish was regarded by London Labour as a *'safe pair of hands'* offering *'more of the same'*, while also working to build a more consensual approach (Leicester, 2000). This viewpoint was shattered when McLeish made an apparently off-the-cuff pronouncement on free personal care for the elderly, demonstrating some desire for Scottish policy distinctiveness. In relation to the machinery of government and the role of the centre, McLeish also had some ideas of his own.

4.3.2 A new role for the PU

McLeish wished to have a PU that could undertake both short-term and long-term pieces of work primarily at his request. He identified a gap within the SE for strategic thinking and wanted to use the PU to plug this gap. A senior official noted that at this time the unit focused on developing policy to match McLeish's vision of a Scotland that *'punched above its weight'*. McLeish was a believer in the concept of strong political leadership and vision, and felt leadership was necessary for change but that the PU could provide the advice and models required to introduce change. According to senior officials he showed more interest in the concept of strategy than Dewar.

McLeish was also interested in the use of policy as a co-ordination mechanism but still wished also to use a strong central policy focus as a means of co-ordination and control.

'Within the Executive itself we have set up a new central department to ensure effective co-ordination across the range of our responsibilities.'

McLeish (2001)

McLeish also wished to revisit the overall basket of Scottish policies then in operation or planned.

'Policies that might have been attractive two years ago might not be attractive now. I want an administration that is sensitive to the people that elected it. It's not a matter of political correctness or anything else. I am concerned that we do have policies that are in tune with the Scottish people.'

McLeish (2000) in Schlesinger, P (2000:6)

With this in mind the PU embarked on a series of portfolio strategy meetings involving portfolio ministers, the FM and the DFM. The purpose of these meetings was to provide the

FM with knowledge to develop a 5-10 year policy horizon. Each departmental head was required to present their vision and priorities and to detail the evidence available to support their views. The PU managed this process by assisting the departments and briefing the FM, and was tasked with developing programmes of follow-up action with departments. On McLeish's resignation around half of these meetings had taken place and the rest were suspended. While some big issues were identified by this review, there were still difficulties joining-up the outcomes and overcoming departmentalism. Indeed Mitchell (2001:6) commented that under McLeish, the SE made policy on the hoof, with little evidence of a more considered approach. Primary evidence of this was the announcement of free personal care for the elderly at a time when the policy was yet to be worked up. However, given McLeish's apparent desire to revisit policy priorities and his willingness to diverge from Westminster, a longer period in office might have given him the opportunity to develop a more coherent policy portfolio using the work he commissioned from the PU.

By the time of Dewar's death, the SE had not progressed beyond the elevation stage of its lifecycle and the PU was also stuck at the creation stage. McLeish started to move the government and the PU towards the embedded and restructuring phase. This can be seen by McLeish's more radical policy changes, his willingness to change how policy was made and his focus on co-ordination and the use of strategy as a co-ordinating mechanism. The PU moved into restructure mode and through the policy review work started to address the aim of developing creativity.

4.3.3 A changing scenario

Following the death of Dewar, the staffing of the PU changed. Fitzpatrick resigned in October 2000 shortly after Dewar's death and it took some time to find a replacement. The new head of the unit was John McTernan, a special adviser and the Deputy Head of the Unit was Andrew Scott, a civil servant. McTernan was described by the Sunday Herald (Fraser, 2001) as a Blairite, and his '*cool canny analysis*' credited with getting McLeish on track with a more Blairite agenda for public service delivery reform.

During this period, Policy Advisors such as Sue Baldwin and Jo Armstrong were appointed for their specialist skills; such appointments were non-political. In addition McLeish commissioned the Cities review to be headed by Professor Duncan MacLennan, an expert adviser to Scottish Ministers supported by PU staff.

Pressure increased to give the PU more influence and to reduce the influence of the SAs who were perceived as being in conflict with the civil servants.

‘Political advisers? ...I would radically rethink all of that because we inherited a notion from Westminster, in Westminster they built this up over time, as a consequence you build up something, you transfer it, you don’t think do we need this. So there was an inherent tension between political advisers and the PU’

Source: Senior interviewee

Rather than tackling these tensions, there was a reliance on personal respect and personal relationships to overcome any difficulties arising. The FM tried to adopt an inclusive and consensual style although he failed to build up large amounts of political capital amongst his colleagues.

4.3.4 Output of the PU

In the period up to McLeish’s resignation in November 2001, no output was made publicly available. This was despite the, undoubtedly, work taking place within the PU and the use of SAs and experts such as McTernan to head up the PU and MacLennan to head up the Cities review. Therefore it is unlikely that no output was produced. It is much more likely, as reported by interviewees, that Ministers and perhaps some policy staff were somewhat nervous of publishing reports or papers that may have contained critical comments at this early stage in the Parliament due to the general lack of understanding and mistrust amongst Ministers, SAs and civil servants in these earlier days.

4.3.5 Impact of the PU

McLeish was in power for a very short period of time, around a year, and much of this time was spent in arguments around policy divergence with London and in-fighting in the Scottish Labour party. The impact of the PU appears limited during this time although its activities in private may have begun to promote the concept of strategic planning. It is difficult to see how government and the PU evolved significantly in this period. Both moved somewhat from the elevation and creation stages of the lifecycle and were starting to approach the embedded and restructuring phases through the longer-term policy reviews which were commenced. Given more time McLeish may have developed a more visionary approach to government to match his aspirations for Scotland although any further comment is simply conjecture.

4.4 Version three – McConnell and Elvidge

4.4.1 Introduction

On becoming FM in November 2001, McConnell was initially cautious. He sought to spend time preparing for the 2003 election, preparing the manifesto and working out how the

'*strange beast*' of coalition works according to a key special adviser. There was also a period of what an adviser described as '*clearing the unexploded bombs*'. Wintrobe (2002:65) noted that the McConnell administration attempted to promote a '*culture of post-McLeish realism*' but contradicted itself for example, through the bid to host the 2008 European football championships.

Up to the 2003 election there was a focus on delivery but post election, having won a mandate from the electorate, McConnell set about introducing strategic change. Civil servants and SAs interviewed reported unanimously change in thinking at the centre – a consideration of devolution being about delivering specific changes and policies but also about the bigger narrative, the future Scotland. A key feature of this change was the appointment in June 2003 of John Elvidge as permanent secretary. As mentioned previously Elvidge established the OPS and reinvented the Policy Unit as the Strategy and Delivery Units (SDUs) contained within this new department.

There was an internal debate about whether the FM was or should be guiding overall strategy or micro managing. Trying to develop a clear narrative with so many changes of FM has been difficult. Both officials and SAs agreed that McConnell wants to be a visionary leader. However others have responded rather more negatively. Throughout McConnell's reign he has been criticised for a lack of visions. In 2002, Susan Deacon, an ex-minister announced at the Scottish Labour Party conference that

'there is "a greater need than ever before" to restate Labour's vision and values "and translate that into a programme which is at once both radical and realistic".'

Allardyce (17 February 2002:1)

In 2003, McConnell's predecessor McLeish noted that: "*McConnell needs more vision*" (Allardyce, 30 November 2003:1).

It is, perhaps not surprising that Deacon and McLeish should offer negative views but McConnell, in an interview with Scotland on Sunday (Barnes, 2004), recognised that there was an issue around his perceived lack of vision. McConnell characterised this as an issue of perception and communication. He suggested that the SE has not been successful in getting across the message of reform, that the public has an inherently low level of trust in politicians and that he has suffered from a divided and weak opposition. He was insistent that the SE was not lacking in vision.

One official suggested that the key strategic policy problem facing the SE is linking policies and creating overarching narratives and suggested that this could be a job for the SU. An SA considered that there was a shift from '*the politics of managerialism to the politics of*

leadership’ reflected in consistent messages on difficult issues. So official and SAs united in recognising that McConnell wished to adopt a visionary leadership stance but failed to find a convincing narrative. The lack of a clearly articulated set of values for Scotland distinctive from the UK still leads to a lack of clarity about what the SE is trying to achieve. This could be partially due to the lack of previous strategic analysis commissioned from or undertaken by the SU which has just recently been corrected through the production of the Strategic Audit.

4.4.2 The new SU

When the PU was divided into the SDUs, its head, David Wilson departed in December 2003 to be replaced by another civil servant, Sarah Smith. This change of name and division of responsibilities was intended to clearly signal a change in priorities. Elvidge wished to establish a Horizon Scanning sub-group of the MG and wanted the SU to act as a resource for that group concentrating on strategic futures work. The function of the PU had become unclear hence there was perceived a need to revitalise by renaming and separating strategy and delivery. This development reinforced the division between the distinctive elements of strategic thinking and service delivery previously undertaken by the PU, however by keeping both units under the same head, the aim was not to remove strategic thinking from delivery but to ensure a degree of cross fertilisation. Elvidge’s aims were perhaps not very clear to outsiders. In a press conference in October 2003, Elvidge’s changes were described as follows:

‘Unveiling a "virtual concept" for better ministerial back-up, John Elvidge, permanent secretary at the Scottish Executive, unveiled his new "policy powerhouse". Reporters jotted down what they thought he was saying. Swapping notes later in a retrospective effort to understand (or pretend to) just what they had been hearing, they concluded that the new mandarin had announced a major restructuring of the senior echelons of government. He just didn't quite put it like that. Sir Humphrey has nothing on Mr Elvidge when it comes to civil service speak. His policy powerhouse will, it seems, be built from "various constituent parts" including one which will be a "group for horizon scanning" which is presumably a variation on Wendy Alexander's "blue sky thinking". The experts' job will be to create a "strategic vision" for Scotland. This means the old executive policy unit will be "disaggregated" - i.e. broken up and its bits and pieces distributed here and there. Put another of Mr Elvidge's ways, the policy unit will become a "floating resource to unblock problems". ... Some of those individuals moved from the policy unit will "examine forward strategy issues for the organisation".’

Ritchie (9 October 2003:6)

The new SDUs were based within the new OPS. Officials noted that the development of the OPS could be seen as building a support ‘industry’ around the FM with its attendant

communication difficulties between the individual elements of the centre and the rest of the SE. This impacted on the work of the SU and SU staff concentrated on the need to build good links with the rest of the organisation to avoid being perceived as a command and control centre. One official noted that the departments were ‘nervous’ of this new centre and its component groups, while a number of SU staff felt that at this stage they were asked by the FM to do some work which departments might have done in the past, so some degree of suspicion and tension remained.

As the SU began to spend more time undertaking strategic futures work rather than detailed reviews of specific policy areas, SU staff reported increasing interest in the work of the SU throughout the SE. Interviewees appeared to often enjoy having the opportunity to take time to think ahead. ‘*I really enjoyed that*’ was a typical reaction from interviewees⁴⁷. The role of the DU, the other part of the predecessor PU was perceived as more threatening as it asked questions about meeting delivery targets. It could also be seen as more bureaucratic given the monitoring mechanisms it used. The splitting of the strategic and monitoring roles between the SU and the DU would therefore appear to have enhanced the ability of the SU to work with departments and outsiders to develop creativity.

This change typifies a unit in the restructuring stage where change can take place and creativity is developing. This is in line with the lifecycle phase of the government, which at this point was moving into the embedded stage. Change was frequent and revolutionary and focused on structures and developing institutions.

4.4.3 Role, aims and objectives of the SU

Since the beginning of the McConnell era, the stated role, aims and objectives of the SU have remained the same. Table 20 outlines these aims and objectives

Table 20: SU aims and objectives – July 2005

Aims
To promote medium to long-term thinking and undertake strategic policy development for the First Minister and senior management
Key objectives
<ul style="list-style-type: none"> ▪ To support the Management Group ‘Horizon Scanning’ sub group as appropriate ▪ To provide specific advice and undertake short-term ‘horizon scanning’ projects on commission from the First Minister and senior management ▪ To work with Departments in a consultative capacity and, on their commission, provide strategic input to

⁴⁷ The author of this PhD has been involved in similar work and can report experiencing similar reactions. Many people like to be asked to step back from day-to-day delivery and think of the future.

resolve specific policy problems

- To work with analytical service division from across the Executive as well as the Office of the Chief Researcher to ensure that out work is based upon appropriate evidence
- To maintain contacts with appropriate external organisational both within Scotland and elsewhere, including the Strategy Unit in Whitehall

Source: SU intranet, personal correspondence 2003

McConnell was keen to keep strategy and delivery together to ensure that the politics of delivery and longer-term strategic thinking was not separated. Pre the 2003 election, McConnell focused on delivery as an election tool. Hence one of the first commitments of the SDUs in their early days was the preparation of '*Recording Our Achievements*', a document outlining the government achievements to date.

Post the 2003 election, the SU was involved in the production of the Partnership Agreement, which contains a large number of commitments driving the short- to medium- term policy concerns of the SE. A senior official noted that this was a more successful process from their perspective compared to 1999 as the politicians trusted the civil servants more and so listened to their advice, whereas in 1999 SAs had played a more dominant role. Participating in this exercise raised the profile of the unit with key politicians according to senior interviewees, although SAs may have been somewhat less comfortable with this development.

In the early stages post the 2003 election, the work of the SDUs was wide-ranging, combining the work of the PMSU and the DU but with a strong delivery focus. As already mentioned, Elvidge formed two MG sub-committees, the Horizon Scanning sub-group and the delivery group both chaired by the Permanent Secretary. The SU supports the Horizon-Scanning sub-group which meets every couple of months and deals with issues such as attitudes, demographics and scenario planning. According to officials, the influence of the FM has become more apparent. The lines for commissioning work from the FM or the Horizon Scanning sub-group became clearer and the SU began to have more exposure to the FM whom they met with regularly.

The new emphasis on futures scanning was brought about by the desire of the FM to develop a longer-term strategic view that would go beyond the four-year electoral cycle. This was a new type of work for the SE and may have caused some officials and politicians a degree of discomfort, as they were not accustomed to taking such a strategic view beyond the electoral cycle. While the last Partnership Agreement was a detailed document dealing with managerial type issues, the aim is for the next government to adopt a more strategic

approach according to SAs and civil servants interviewed⁴⁸. Officials have commented that the nature of the Partnership Agreement was dictated by the nature of the underlying political manifestos. Manifestos that contained a large number of disparate policy commitments had to be accommodated. SAs acknowledge the need for longer-term strategic thinking, an *'enquirer role'* as expressed by one interviewee, but also expressed some caution that policy should not be based entirely on such an evidence-based and analytical approach. Interestingly, a staff survey of the SE revealed that staff expressed some concerns that evidence was not always used as it should be. This indicates a degree of tension between an evidence-based approach and political considerations. It is also likely to lead to some working tensions between SAs and civil servants.

The role of the unit remains quite widely defined, enabling it to become involved in a wide range of work depending on the needs of the FM and the Horizon Scanning sub-group. The work of the SU is also shaped by the creation of the Scottish Performance and Innovation Unit (PIU). The SU carries out ongoing longer-term strategic work while the PIU concentrates on short-term projects relating to issues of finance and funding arising from the Efficient Government initiative which are staffed by small teams put together for 6 to 9 months. Therefore in practice, the remit of the SU has narrowed and work on individual policy projects has diminished significantly. The unit is almost entirely focused on its strategic futures work, which in late 2005 was predicted to be ongoing until autumn 2006. The nature of such work shifts the unit towards a more creative style. The main work of the unit was described as

'Where are we now, what are the main trends and drivers. Dealing with uncertainty, need to accept this and work with general trends, what does this mean for Scotland. Building narratives through working with experts which can then be presented to senior management and ministers to consider what the most likely are and work through in more detail. What does this mean for us?'

Source: Senior official

While evidence is still important, developing future strategies requires vision and creativity. It also requires working with others and the unit has held a number of events to relaunch itself amongst the policy community and amongst the rest of the SE. Of particular note is the unit's work during the SE's Policy Week where the entire SE is focused on issues of current and future policy. In addition the SU has recently been involved in the Scottish Government Forum held in December 2005 which involved key public officials meeting to discuss a range of policy issues. In the wider world, the unit is a member of the UK Foresight

⁴⁸ These comments were offered on the basis that the 2007 elections result in a Labour led coalition.

Programme, organised by the UK government. This programme runs, amongst other activities a horizon-scanning centre for all those interested in developing strategic futures work.

One area that the SU has not addressed is the production of guidance for other departments. In part, this is a matter of organisational structure. The scale of the SE means that it makes sense to centralise strategic work and for SU staff to bring back their experiences to their next posting. Another reason concerns the experience of the PU and then the SU. One official noted that the SU had insufficient consulting type experience to offer others guidance on strategic work. However the SU is in the process of establishing a SU intranet for SE staff which will contain elements of a strategy toolkit while also referring users to the detailed strategic guidance provided by the SU in London. SU officials have also described their approach to building capability as an action learning approach where working with individual colleagues helps to spread new ideas and ways of working. Such one-to-one contact has been supported by occasional workshops with SE staff.

4.4.4 Staffing

Initially when McConnell was elected the staffing of the SDUs changed again. SAs were moved out of the unit and a civil servant, David Wilson was appointed head of the newly created SDUs. While SAs no longer formed a core part of the units, strong links were maintained with Jeanne Freeman acting as the main contact. At this time, the SDUs had a total of 11 members of staff, all civil servants, five grade C policy advisers, three project officers, two support staff and the Head of Division. The average grade C spent around two years in the unit compared to the usual posting of three years. These grade C staff were generally regarded as being the '*bright young things*' of the SE according to senior officials, and were expected to bring back to their departments some element of strategic thinking. The SDUs used staff from the analytical services group and the central statisticians group, amongst others, to provide supporting research and analysis.

The head of the unit changed again in early 2004 when Sarah Smith was appointed to head both the SU and the DU retaining an integrated approach. Smith is a grade five who previously was in charge of integrated children's services and before that she worked in Whitehall, most recently in DfID. The SU at that time had 6 members of staff and the DU 4 members of staff with a personal assistant for Smith. Staff are a mixture of fast streamers and grade C1s although Smith aims to keep the unit as 'flat' as possible. Smith reports to Liz Lewis, a grade 3 undersecretary in charge of the ministerial support group. She also sits alongside Lewis on the policy forum, a group headed by the Permanent Secretary containing

the ministerial support group, the PIU, headed by Nick Parker and the SAs. This group has 'occasional' meetings to formally co-ordinate activities but much co-ordination is undertaken informally. The SU reports to the FM and the Deputy FM and the DU to the Finance Minister.

While the strategic futures project is the main piece of work undertaken by the SU, staff also oversee and co-ordinate input to other discrete projects. The SU brings together people from other parts of the SE, particularly the analytical services division, to be part of the team for specific pieces of work. The SU does not use secondments but works with analytical and research staff centrally and departmentally. In many cases, SU staff act as project managers or team members rather than producing work themselves. However work is organised, the SU always puts the '*front end analysis*' on the output according to SU staff. Increasingly the SU seeks to use outside help and ideas through its building of links with other organisations such as UK Foresight.

According to SAs interviewed, McConnell was keen for his advisers to be involved with strategic work and to work with the SU, while according to senior officials interviewed, Elvidge wanted to reclaim the ground for the civil service to be seen as strategists while working closely with the SAs. The outcome is that the SAs work with the SU but are not part of the unit. At mid level the relationship between the SAs and civil servants is good but given the busy schedule of the SAs, it can be difficult to get them engaged and to get decisions made. Coalition can also lead to complications regarding consultation and information sharing. SU interviewees report receiving good feedback from the SAs. Personalities appear to be key to the success of this relationship so it is likely to vary depending on the individuals involved.

4.4.5 Outputs

During this period, the SU published three reports, Building Better Cities: Delivering growth and opportunities (2003), Partnership Working (2004), Social and Economic Partnerships (in conjunction with the Office of the Chief Researcher), Confidence in Scotland (2005) alongside A Partnership for a Better Scotland: Partnership Agreement following the 2003 elections and Recording our Achievements (2002), a mid term review of government progress. Interestingly a current senior official described the Partnership Agreement as mainly driven by the SAs whereas a former senior official (referred to above) saw the process as being much more inclusive of the civil service.

In addition, other projects initiated for internal use included:

- Networking strategy – developing links with thinkers, communities and organisations in Scotland and elsewhere to support the work of the units.
- Violent society – production of an internal discussion paper looking at causes of violence in Scottish society. This was passed over to the justice department.
- Demographic change – a paper setting out the implications of a variety of population projections.
- Public Sector workers project – requested by ELLD, this looked at the Partnership Agreement commitments for recruiting various groups of public sector workers and the danger that the government will try and over-recruit from the same limited supply of workers – This project was not completed.
- Individual and government – a review of the relationship between the individual and the state and how government can manage this relationship.
- Local government ‘visioning’ exercise – developing scenarios for local government in 10 years time. (The SU had a civil servant from France seconded to this project looking at international models). This project was stopped.

Source: SU intranet, personal correspondence 2003

Other work undertaken includes the production of a report on alcohol and productivity for the DFM and further papers on demographic change and attitudes and values for the Horizon Scanning sub-group. None of these papers have been published.

These projects cover a range of topical issues underpinning the development of future policy. None is aimed at a specific government commitment. All relate to issues that could be relevant to a number of countries but are likely to have specific consequences for Scotland. The success of these projects, and the SU overall will depend on the extent to which outcomes are used throughout the rest of the SE and in the wider community to inform and improve policy-making. Unfortunately, the SE appears not to have been very open in terms of publishing interim papers, consultation documents, and analysis for these projects, which could weaken their impact

According to senior officials, Ministers have been reluctant to publish certain findings. In fact little of the work of the SU has been undertaken in public and the unit has yet to establish a website publicising itself and its work. It appears from the published reports that the unit has undertaken a small number of large, in-depth reviews of major issues but as in Whitehall, key policy areas such as health and education have not been publicly tackled.

4.4.6 Success of the unit

Measures of success

There are a number of possible measures; first the volume of commissions to specific pieces of work, second the evaluation of individual pieces of work by the commissioners of the work and where appropriate through independent peer review, and finally through the wider recognition and perception of the stakeholder community.
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Source: SU intranet, personal correspondence 2003

Developing success measures for the unit is difficult. Success measures can be constructed depending on the type of work the unit is undertaking. For individual policy projects, it is important that workable policy suggestions are produced which go on to be implemented. Strategic futures work will be exposed to a range of individuals both within and outwith the SE and success could be judged by their reaction. One important measure is the ability of the unit to set clear boundaries and to establish ways of handing over work to other departments at the most appropriate time.

Success for the unit is based around good relationships. Of prime importance is the relationship between the head of the unit, the FM and the DFM. Officials are generally agreed that success for the unit is measured in terms of the unit's relevance for the FM and the DFM. If the FM or DFM is satisfied with the work of the unit, that is the primary measure of success. The unit receives feedback primarily through verbal comments from the FM, DFM or their SAs. The current FM works more closely with civil servants and, according to senior officials, unlike the other FMs sees the civil servants as an alternative source of advice from SAs. The head of the SU up to the end of 2005 was reported by other officials and SAs as having an excellent working relationship with the FM; a factor regarded as key to the survival and growth of the unit.

Ministers have become more supportive of the unit as they realise its value. As politicians gain more experience of government and realise that they may be in power for a longer period they recognise the need for longer-term strategic thinking to inform their manifestos. However the unit is only as good as its last project and constantly needs to impress. In earlier days there was a concern that the SU was antagonising departments by dipping in and out of their policy areas. Officials now feel that this has been overcome through working with others, building relationships and working in partnerships. Good outputs on issues such as strategic audit and violence have also built the reputation of the unit. The unit is now trying to avoid '*quick and dirty work*' but spending time on relationship building to help other departments and in a constructive way to build their strategic capabilities, thus moving the role of the SU towards collective learning.

A troublesome project for the unit was the Cities review. This project was interrupted by a change in FM during the fieldwork stage. McConnell wished to narrow the scope of the project which was delayed and eventually failed to meet the expectations it had originally raised. Officials noted that this project was a fairly '*bruising*' experience but one from which the unit learned. This highlights an ongoing problem for the unit, how to gain support without raising unrealistic expectations. It is notable that the futures work commenced without a major public launch, hence not creating unrealistic expectations.

The unit wishes to become more open about its work. A number of networking events involving the wider policy community have taken place and the 'inner circle' of such networks is becoming aware of the unit. One of the difficulties the unit experiences is the attitude of Ministers who may wish to keep controversial findings low key. The unit also perceives a problem in terms of the capacity outwith the centre for entering into policy discussion. Scotland is lacking the plethora of think tanks and discussion forums available in England and the academic community is, perhaps, rather more focused on analysing problems than assisting in offering potential solutions.

However a key issue for the future survival of the unit will be the ability to develop a set of outcome related measures to enable its impact to be assessed. The use of input measure such as volume of work is not particularly revealing as it says little about quality or worth. Even approval by commissioners, peers and the outside community is only relevant if the work continues to make an impact. As with the SU in Whitehall it is very difficult to define impact measures.

Given the direction of the SU in Scotland, impact may be demonstrated by the extent to which politicians take on board a strategic approach to policy making through the influence of the SU and the embedding of their strategic futures work. A more public profile for the unit in partnership with other bodies such as the Parliament's Futures Forum and the (few) think tanks in Scotland would also heighten its impact on the nature of the debate if not the actual creation of policy. Given the scale of the SU, direct impact on specific policy proposals is unlikely, instead a more diffuse, enlightenment model of impact may be the way forward, although this will not be achieved while they remain relatively hidden within the machinery of the OPS.

4.4.7 Relationships with outsiders

Initially the SU was rather secretive about regarding the nature of its work although it always had informal links with strategy units in the rest of the UK. More recently these links have been formalised. The SU is part of the PMSU network that meets every six weeks for

information sharing. This involves all the Strategy Units in the UK and is chaired by the head of the PMSU. Twice a year there is a director/board level meeting, the Strategy Forum chaired by the Cabinet Secretary. There are other links between units. Beside the Strategy Forum 'Celtic fringe' meetings between Scotland and Wales have taken place. To date it has been difficult to get Northern Ireland involved according to senior staff, although recently Scottish staff have visited Northern Ireland to discuss experiences and staff in Northern Ireland are particularly interested in the Scottish approach.

In addition, the unit has had some links with the PMSU on individual issues, for example the units used PMSU documentation to undertake their strategic audit. Links have also been developed with the Policy Directorate in No.10 Downing Street and policy people from No.10 along with representatives from the PMSU have attended the Scottish Policy Week. The unit also deals with departmental strategy units in Whitehall where relevant, for example the DTI futures unit. The head of the SU travels to London on a regular basis for various networking events around the PMSU, the Tomorrow Project⁴⁹ and the Horizon Scanning sub-group. Links across the UK involving other members of staff are variable depending on specific projects.

The unit is developing, through its fairly recent relaunch and its participation in policy weeks, a network of thinkers outwith government to inform its thinking and its futures work. This is one of its key challenges. Senior officials expressed a view that Scottish civil servants were more comfortable looking outside for alternative experiences and were encouraged to do so by the current Permanent Secretary. However, one questioned the extent to which this view was supported by politicians and noted that some tensions had been felt about the degree of openness and knowledge sharing that should be adopted.

4.4.8 Financial Resources


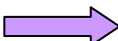
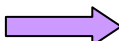
The budget of the SDUs was around £600,000 per annum in 2005. This pays for staffing and related costs but leaves little surplus for commissioning work. The units draw on the research budgets available in the analytical services group. Current detailed budgetary information is not publicly available but it is unlikely to be substantially larger. This level of resource limits the amount of work that can be undertaken by the SU itself and its ability to 'buy in' expertise. Hence the unit must either limit its objectives or else act as a facilitator for others.

⁴⁹ The Tomorrow Project is '*an independent charity undertaking a programme of research, consultation and communication about people's lives in Britain in the next twenty years*'. See http://www.tomorrowproject.net/pub/2_Website/The_Tomorrow_Project/-25.html

4.5 The trajectory of the lifecycle

This initial creation of a centralised unit demonstrates the need felt by modern political leaders to have sources of advice close to hand to provide the information and ideas needed to develop innovative policy. In the Scottish context this is influenced by the perceived lack of policy capacity within the existing Scottish Office and within the wider Scottish policy community which did not have a range of think tanks and academics offering policy advice. Nevertheless, it is an identical response to that of Whitehall which had a different starting point on New Labour coming to power. As with the previous chapter, it is possible from the above analysis of the development of CPSC in the SE to trace the lifecycle of the SU within the lifecycle of the government and to see how changes in the aims of the SU and the change mechanisms adopted aligned with the SU and government lifecycle phases. The unfolding of the lifecycle in Scotland is somewhat complicated by the changing FMs, however it is still possible to show how the SU changed its role, its remit, its structures, its partnerships and its *modus operandi* on a number of occasions to support the development of the government.

Table 21: Positioning of the Scottish CPSC within the lifecycle

	Elevation	Embedded	Establishment	Enfeeblement
Government aim	Centralisation for control	Co-ordination of complexity	Steering to fight hollowing-out	Centralisation for control
Lifecycle of the SU	Creation	Restructure	Institutionalise	Reinvent
Objective of the strategic unit	Reducing uncertainty	Developing creativity	Collective learning	Fire-fighting
Change mechanisms adopted	Instrumental Related developments preferred Agency dominates	Dynamic Revolutionary Structures dominate	Incremental Related developments preferred Culture dominates	Revolutionary Divestment
Timing	Dewar			
	McLeish 			
	McConnell post 2003 elections 			
		McConnell moving towards 2007 elections 		

In the creation stage of development the main factor influencing the development of the unit was the need to develop strategic capability in a new SE coupled with the requirement to control the coalition arrangements. The new SE wished to adopt a degree of central control over the civil service to overcome the previous federal style of the old Scottish Office.

This resulted in the creation of a unit with a very wide role incorporating all elements of reducing uncertainty as outlined in Chapter 2. The new government required more information, needed to clarify core values and had to develop new methods of co-ordination. Addressing each of these requirements involved the unit in a wide range of tasks. By putting SAs and civil servants together at the centre, centralised control was supported and links made between political realities and strategic policy development. As the key political aim of the SE at this point in time was to demonstrate that devolution ‘worked’ reducing uncertainty was vital. The impact of agency on the development of the unit can be seen in the actions of the head of the unit and his ambitions, and also in the actions of the first FM who through a lack of managerial control impacted negatively on the creation of the PU and endangered its survival. Change could also be characterised as instrumental as actions were driven through a hierarchy by powerful political actors with little thought as to how it would impact on organisational culture or day-to-day operations.

The abrupt change in FM following the death of Dewar, led to a change in approach to government and to the role and staffing of the unit. Government under Dewar did not progress beyond the initial stage of the lifecycle and the PU remained at the initial creation stage. McLeish started to move both the government and the PU to the next stage of the lifecycle with a more revolutionary approach and new staff and structures within the PU. The focus of the work of the PU was now more orientated towards longer-term strategic planning. Few individual policy projects were produced, although a major project examining the impact and role of cities on economic development was commissioned during this period. Publicly available output from the unit was limited and its profile was low. The unit was still primarily focused on reducing uncertainty about the environment, an appropriate objective given the unexpected change in leader and the relative youth of the devolution project. However through its strategic initiatives it was also engaged in reducing uncertainty regarding values. This period of organisational change combines a mixture of evolutionary and incremental change, building on preceding structures, and revolutionary and dynamic change shifting PU objectives and expectations. At this stage both the government and the PU were still attempting to find a direction. It is impossible to say what might have happened if this trajectory had continued but it was brought to an abrupt halt by the resignation of McLeish.

McConnell was slow to take on the challenge of strategy development and focused on delivery until after the 2003 elections. McConnell's approach to government was based around co-ordination through the strengthening of the core executive and the adoption of a corporate headquarters approach to managing such co-ordination. Post the 2003 elections, McConnell turned his attention to issues of strategic futures and trend analysis and changed the focus of the PU. This included changing the name of the unit to the Strategy and Delivery Units and splitting its activities. This is in line with what we would expect in the second phase of the lifecycle of the CPSCU where restructuring is typical. This period of change following McConnell's election could be seen as revolutionary, in response to the change in FM but also to the change in approach to government. At the same time, McConnell's approach has created a unit that is very aware of the need for communication and sees itself adding value through creating links and networks rather than creating policy itself. This is borne out by the activities of the unit and its willingness to engage with others in the policy community. This could be seen as an emphasis on developing creativity through engaging with a wider range of informants. It has moved on quickly from a unit interested in reducing uncertainty to one engaged in developing creativity and starting to look at issues of collective learning. This role is very applicable in a situation where outside sources of advice such as think tanks are relatively thin on the ground. The development of strategic futures work involving a wider range of contributors should enhance creativity and collective learning regarding policy decisions. It could also lead to areas of conflict: conflict between evidence and ideas, between accepted norms and new ways of working, between political objectives and policy requirements. A challenge for the SU is to manage potential conflict and to ensure that politicians, civil servants and the wider policy community all remain committed to the strategic development process.

At this time the SU could be said to be at the end of the restructuring stage and moving towards the institutionalisation stage; possibly working to the peak of its effectiveness. It still has the potential to challenge and discover new insights. It has moved from a role focused entirely on reducing uncertainty and with developing creativity and is now interested in the concept of collective learning. Within the lifecycle of the government, legitimacy and capacity are no longer the key concerns and under the leadership of McConnell and Elvidge significant changes have taken place regarding the structures and processes in place to support control and co-ordination; hence there is less need for the SU to support these new concerns and more space to focus on collective learning. Although change under McConnell and Elvidge could be characterised as revolutionary it has been influenced by 'myths' or deterministic influences in its environment, in particular those emanating from Whitehall.

For example, it appears that the accepted response to the complex problems of modern government is to centralise control and to pursue ‘tidiness’ through the production of more holistic longer-term strategies.

As demonstrated by the layout of this chapter, the lifecycle of the SE has been stalled on two occasions by unexpected changes in the identity of the FM. This raises some interesting questions about the nature of lifecycle, what constitutes a full lifecycle and the boundary events that disrupt the lifecycle. The government lifecycle and the CPSC lifecycle did not automatically return to the beginning on a change of leadership between McLeish and McConnell but it stagnated at the first phase between Dewar and McLeish. It then stagnated again until McConnell turned his attention to matters of strategy post the 2003 election. The Scottish case highlights the importance of agency in the persona of the FMs, but also of structures in the sense that each FM built on the preceding structures and work programmes, and of culture as the SE appeared to gradually absorb a ‘*corporate headquarters*’ approach to government. A senior official noted that it was necessary for the SU to work through a number of permutations in order to work out how best it could add value. It seems unlikely that this was a period of planned experimentation. Instead each change in FM or Permanent Secretary brought about changes in the unit. The regime of each FM was summarised by a SA as follows:

‘Under Donald Dewar everything seemed fraught but with a sense of purpose, Under Henry McLeish a bit more chaotic, individual departments and ministers operating as baronies, centrifugal and not joined-up or consistent. Jack McConnell period more stable and consistent in terms of messages, still as manic, produce more strategies than they ought to, but they are more likely to join- up.’

What might be the future for the SU? It is noticeable that the strengthening of the centre and the accompanying proliferation of centralised units has narrowed the remit of the SU and separated issues of strategy and delivery, efficiency and reform. The unit now has a clearer focus on strategic thinking and futures analysis and spends less time on discrete project work. The unit faces the same four challenges as faced by the SU in Whitehall, to:

1. remain in contact with the rest of the organisation and not to be perceived as an unnecessary overhead;
2. produce work that pays due attention to political and delivery reality while operating an evidence-based paradigm to avoid alienating the rest of Whitehall and becoming seen as, at best a nuisance, at worst an obstruction;
3. avoid unnecessary bureaucratisation to maintain the creative edge required to produce new ideas;

4. avoid being sidelined by an unsupportive FM who did not see the need for such a unit or, felt that it interfered with the implementation of plans arising from ideology or conviction politics.

The main factor which impacts on the future of the unit is the wishes of the FM and the permanent secretary. One senior official felt that due to the nature of futures work, regular reporting to the Horizon Scanning sub-group and the constant renewing of staff, the unit could keep its creative edge and avoid getting drawn into operational bureaucratic structures. A SA noted that the early work of the unit on international futures was '*great analysis, succinct and challenging*' and took this as a sign that the unit was moving beyond the classic policy unit model to a model whereby departments take responsibility for specific policy with the SU providing the strategic context and a joining-up view. Shaping the nature of debate is now a key element of the work of the SU. An alternative opinion was expressed by an official who noted that there was a danger of creating self-referring bureaucracies within the OPS. This is a possibility if the unit remains static and is not subject to constant challenge. A strategy unit needs to constantly prove that it adds value. In a Scottish context this might have been somewhat easier in the past given that McConnell did not come to power with clear set of policy proposals or an overriding ideology, thus there was a vacuum in political input earlier on in McConnell's term of office which may now be changing. While there seems to be a general acceptance that the FM still needs centralised support, the relationship of this centre to the rest of the SE needs to be constantly renewed to ensure that the unit does not lose touch with operational issues.

A recent interesting piece of data recently produced shows that the unit may still have some way to go with disseminating a creative strategic approach throughout the SE. The Scottish Executive Stakeholder Survey (Office of Chief Researcher, 2006), the results of which were published in January 2006, showed that respondents still had some negative attitudes regarding individual departments, in particular 29% of respondents perceived that departments were unclear about priorities and 24% were reluctant to innovate. These figures indicate that there is still some way to go before the SE is seen as a strategic organisation with a clear vision for the future and strategies to get there.

Finally, a recent development in the field of strategy and strategic development in Scotland is the involvement of the SU in the establishment of a new Futures Forum, the brainchild of the Scottish Parliament's Presiding Officer. One of the purposes of this organisation is to

'act as a think tank, providing insights, papers and thoughts on issues facing Scotland at least 10 years into the future' Rae (2004:1).

The Forum has been established as a company acting to inform all parliamentarians and expose them to the latest thinking. It is overseen by an 'enabling board' which consists of representatives from the civil service, industry and academia amongst others. The Forum is currently undertaking its first piece of work, a review of the positive aspects of an ageing population. The relationship between the SU and this forum as it develops is not yet clear and some hesitancy has been expressed by officials and SAs around how the Forum and the SU might interact.

5 Centralised policy-making in Wales, a different approach?

5.1 Background

5.1.1 Introduction

The Welsh Assembly Government (WAG) presents another version of devolution. The inevitability of a referendum on Welsh devolution followed on from the commitment to a Scottish referendum (Osmond, 2005:6) and became part of the 1997 Labour manifesto. The nature of the devolution settlement offered to Wales differed from Scotland. As noted by Rawlings (2001)

‘An Assembly, not a Parliament as in Scotland, has been justified on grounds of limited consensus for change and... closer integration with England’

The close outcome of the Welsh referendum and the low turnout demonstrated a lack of enthusiasm for devolution in Wales, as demonstrated by Wyn Jones and Scully (2003) who noted that at the time of the referendum a little less than one third of the electorate supported an elected Assembly. This presented the new Assembly with a challenge to prove its worth to a public less than convinced of its efficacy. Starting with a minority Labour government and the appointment of Alun Michael as First Minister (or First Secretary as it was then styled) following some controversy, the early days of the Assembly were difficult for all involved. This included the civil servants at the WAG who were tasked with supporting a corporate body style of government requiring them to serve both the government and the opposition; a situation that very quickly gave rise to tensions (Osmond, 1999:7).

Wales offers another perspective on the governmental and organisational lifecycle. In common with Scotland and unlike Westminster, a relatively early change of leadership both in political and civil service terms stalled the evolution of both the governmental and organisational lifecycles and introduced changes in government aims, strategy unit objectives and the change mechanisms adopted. An additional complication arose from the swing away from minority government to coalition to minority government, although the Labour party has retained the upper hand throughout. However, despite political changes the organisation of CPSC has progressed through various stages of development ultimately resulting in its reinvention in a different guise. Unlike Westminster and Scotland the second FM, from early on, articulated a clear ideological position underpinning strategic development and appeared to treat strategy as a political responsibility based on ideological principles rather than a technocratic or managerial exercise based on an evidence-based paradigm. This raises the question of the positioning of CPSC in a government with a more traditional ideological underpinning and a dominant outspoken leader. In the Welsh context,

the relative balance of agency, structures and culture may look somewhat different to both Whitehall and Scotland. Ideology and leadership appear to favour agency and culture over structures. For example, the determination of Morgan to put 'clear red water' between Cardiff and Whitehall (Morgan, 2002) offers an example of the interaction of agency and culture and how it appears to dominate the formal structures in the form of the legislative position of the National Assembly of Wales and the civil service. As noted in the historical review in Chapter 2, ideologically driven leaders may not value managerialist or technocratic approaches to strategy development. Hence the role of a strategy unit under such a leader is likely to be either conflictual if the unit challenges the leader's approach or entirely driven by the ideological requirements of the leader rather than adopting an evidence-based paradigm.

Before commencing an analysis of CPSC in detail, this chapter sets the scene by looking at the development of the WAG plans and programmes for government and its evolving structures and organisation over the lifecycle of the WAG. This contextual setting includes a review of the establishment of the WAG as a corporate body, policy-making capacity, the strategic agenda and the structure of the centre as issues impacting on the overall shaping of the WAG from its inception.

5.1.2 The establishment of the National Assembly of Wales

The National Assembly of Wales was established as a corporate body with representative, deliberative and policy development responsibilities. This differed from the Parliamentary model developed in Scotland with the Assembly as a whole taking responsibility for setting and implementing policy within a legislative framework set out by Westminster. One of the key structural devices used to promote this approach was the establishment of cross-party subject committees integrated into the policy-making process. This model borrowed heavily from the model of local government in place at that time although local government was already abandoning this committee system in favour of a cabinet model. Recognising this, the Government of Wales Act was amended at a late stage to allow the Assembly to delegate executive function to Ministers who could then form a Cabinet. Following a review of its operations in 2001-02, the Assembly, in November 2001, introduced a separation between the 'Executive' and the 'Assembly' and the term Welsh Assembly Government was introduced to cover the activities of the Cabinet (Richard Commission, 2004: 47-50).

One of the problems associated with the corporate body structure was the lack of separation between Executive and Parliamentary staff with staff of the WAG serving both. This led to complaints of a lack of support for opposition members who do not have the research and

supporting services common in a parliamentary service. In practice the policy-making and information services of the WAG were meant to serve the entire Assembly but in practice they focused on serving the Executive. This presented a challenge to inexperienced policy-making staff who suddenly found themselves serving two masters.

5.1.3 Structuring the centre

The creation of a core executive at the centre of the WAG has taken place, particularly since the separation of the National Assembly and the WAG in 2000 (Lynch, 2006). At this point, the Cabinet Secretariat was increased and SAs appointed. This office acted as the FM's private office reporting to Morgan's private secretary and was also responsible for the management of Assembly business. By 2003, there was a FM's office consisting of six civil servants and six special advisors (Lynch, 2006: 434). For a brief period of time in 2004 a small cabinet business unit consisting of about 4 people tasked with processing papers was situated within the Strategic Policy Unit (SPU) although this was soon moved into the Cabinet Secretariat. Unlike the UK and Scotland where the equivalent provision contained policy-making capacity, this FM's office focused on the political aspects of the job, possibly a consistent position given the political complexion of the government and the style of the FM. In 2004, the rest of the 'core executive' style units or departments were scattered throughout the WAG with the finance group, the human resources group, the business and information management directorate, public service development group and the spending review group all separate entities reporting directly to the Permanent Secretary. The SPU reported to a Director of Strategy and communication who reported in turn to a Senior Director, Policy (Derek Jones). By this time also, policy departments were more closely matched to ministerial portfolios and a more traditional ministerial role was developing.

Interviewees commented on the rather strange organisation of the centre of WAG. One special adviser, in late 2005, described the structure as '*maybe indefensible*' and commented that the permanent secretary was aware of the anomalies at the centre. Even allowing for the difference in scale with Scotland, the existing structure appears rather fragmented.

By 2006, restructuring of the centre had taken place and an enhanced Office of the First Minister (OFM) was created which is responsible for:

- *'Exercise of functions by the Assembly Cabinet.*
- *Policy development and coordination of policy.*
- *The relationships with the rest of the United Kingdom, Europe and Wales Abroad.*
- *Staffing/Civil Service'.*

WAG website 2006, www.wales.gov.uk accessed 13 September 2006

Interestingly the OFM also listed a number of related topics including business and economy; local government; social justice; sustainable development and the Welsh language. This, presumably, means that the Office of the First Minister is taking some degree of control over these issues. Most of the other support departments, including the finance department, the corporate information and services department, the human resources department and the business development departments were still constituted separately reporting directly to the Permanent Secretary while the SPU remained at its relatively lowly positioning within the strategy, equality and communications department until its abolition in summer 2006. Unlike Scotland and the UK where there has been a move to centralise supporting services, a special adviser suggested that the structure in WAG was implemented to fit around existing staff. The role of the head of strategy coming between the permanent secretary and the departmental heads seems unclear, although the Head of Strategy chairs the policy board. The separation of support functions from each other, from the FM's Office and from the Strategy, Equality and Communications department does not help to develop a clear central focus for supporting services and gives the Permanent Secretary a heavy workload in relation to direct reports. The lack of a clear equivalent to the Whitehall Cabinet Office or to the Office of the Permanent Secretary up to 2006 resulted in many of the tasks typically carried out by such a department falling to the SPU. This impacted on the ability of the SPU to develop as a longer-term strategic planning unit.

According to a senior official interviewed, Morgan likes to operate in a more collegiate way based on traditional cabinet methods. Therefore the creation of a strong central core executive may not match such aspirations. However the eventual creation of an OFM must point to the need for central support for the FM regardless of the leadership style or approach to government adopted. By retaining a number of support departments that also act as co-ordinators across the main policy departments, it appears that Morgan has not moved completely to a presidential mode of operation.

5.1.4 The location of CPSC

By summer 2006 shortly before its abolition, CPSC in the WAG was based within the SPU which was situated in the Strategy, Equality and Communications Department (SECD). This department reported to the Senior Director Policy who reports to the Permanent Secretary. Compared to Whitehall and Scotland, this places the SECD and the SPU at a somewhat lower level in terms of the bureaucratic hierarchy. The SECD has developed over time, expanding its remit, most recently in 2006 to encompass the strategic equality and diversity unit and the Office of the Chief Social Research Officer. The SECD also contains the

Economic Advice Division and the Communications Division. Unlike Scotland, this department is separate from the Office of the First Minister. In addition a separate Department for Public Services and Performance takes on related delivery and monitoring issues such as Making the Connections, Public Service Management Wales and Value Wales alongside the healthcare, social services and care standards inspectorates. This department is a result of a rationalisation of an earlier arrangement whereby a public sector delivery unit was responsible for the delivery of Making the Connections although it was not responsible for Value Wales, the 'broker' of shared services which was managed by finance.

The positioning of the SPU in relation to the Permanent Secretary and FM does not serve to provide the unit with the status and recognition that a policy unit typically needs if it is to operate across government. It indicates a unit that has been developed over time to adopt more functional or pragmatic aims around specific implementation or delivery issues.

5.1.5 Welsh policy-making capacity

The Welsh Office (WO), pre devolution, was primarily responsible for the implementation and delivery of policy set by Whitehall. Unlike Scotland, Wales lacked a separate legal system and did not have a history of localised policy-making so did not develop the same degree of administrative devolution as Scotland. Hence on the coming of devolution the changes experienced by the WO were significant (Osmond, 1999:7).

The nature of this change has been described by the current Permanent Secretary Jon Shortridge as follows:

'From the perspective of the Civil Service, it is hard to overestimate the scale of the change that the transition from Welsh Office to National Assembly represents. In 1999, the Welsh Office was a relatively small Government Department headed by a Secretary of State and two Ministers who operated largely out of Whitehall and supported by nearly two and a half thousand Civil Servants. Its main task was to implement the policies of the UK government within Wales rather than to develop and implement policy initiatives of its own. On 1 July 1999 the Welsh Office ceased to exist. At that point, virtually all the powers vested in the Secretary of State for Wales were transferred to the National Assembly and delegated to the First Minister. From then on most of the Assembly's Civil Servants were serving nine Cardiff-based Ministers and helping to devise and deliver an increasingly Wales-driven agenda rather than a largely Whitehall one. We were also having to learn how to make the untried and untested model of the Assembly, which combines in one corporate body both a Parliament/legislature and an executive, work effectively. That meant that inevitably the first few years of the Assembly's life was a period in which we were focused on defining our new roles and responsibilities and "tuning in" to this new democratic institution which was evolving very rapidly around us.'

Shortridge (2002)

In 2000, in the earlier stages of devolution Ron Davies noted that:

'There is no effective forum for policy formulation for the Assembly as a whole, no process for the engagement of Assembly Members in developing vision or strategy and an administration which, in policy-making, has yet to develop an outgoing and radical approach.'

Osmond, (2000:4)

The pre devolution style of operation of the WO was not amenable to the rapid development of independent policy-making; civil servants in the WO were encouraged to follow Whitehall and not to look for divergent approaches. Morgan (2000) reflected on the differences between the Scottish Office and the Welsh Office in this respect. Based on his own previous career as a civil servant at the Welsh Office in the late 1960s he drew a comparison with the relative autonomy of the Scottish Office:

'In the Scottish Office which had been around for 100 years, they had developed a tradition of independent policy. The Welsh Office had no capability of policy-making at all in the late 1960s. Likewise you promoted staff in the Scottish Office on the basis that they had put one over Whitehall. You promoted staff in the Welsh Office on the basis of whether they had kept their nose clean with Whitehall. I hope that's not entirely true today but you are still struggling against a very long tradition where there is not an experience of autonomous policy-making. It was made much worse by the policy top-slicing which occurred under the Redwood cutbacks in the civil service in Wales with the loss of 600 jobs in Cardiff. This led to the loss of the people aged 50-plus, people with experience and capability. Policy-making was top sliced just at the time when it needed to be coming up maximum strength for the incoming Assembly...'

Morgan (2000) in Osmond (2003:10-11)

This situation led Morgan (2000) in Osmond (2003:19) to suggest that

'..What we need now that we have the devolution settlement is to create a positive problem-solving political culture. We need to generate policy-making ability in a Welsh context and get rid of the old habits which still inhibit that process.'

This problem of capacity has not yet been satisfactorily resolved. For example, the Permanent Secretary's corporate priorities and objectives for 2004-06 still include key policy-making performance priorities such as the improvement of the *'policy capacity and professional expertise available to the Welsh Assembly Government'* (Parry and MacDougall, 2005). This indicates the importance placed on policy-making by the WAG however it does not indicate a preference for any one model of policy capacity and expertise.

5.1.6 The strategic agenda

In 1999, the WAG published a consultation document, *A Better Wales*, with the purpose of producing a final strategy for the period of the Assembly (to May 2003) early in 2000 which set out a number of objectives including:

‘an unambiguous statement of our policy objectives, identify a manageable number of priority areas for action, set clear targets and inform the final allocation of our budget for 2000-01 and later years.’

Osmond (1999:9)

The government, in 2000 published the final version of *A Better Wales* (www.betterwales.com), a ten year strategy document which described the Assembly’s ‘strategic challenges’ and identified some general priorities in the areas of the economy, social inclusion, health, and ‘rural areas’. Notably this document also included the budget to be spent in these areas, thus from the beginning attempting to link expenditure to targets. In addition some specific budgets were utilised to promote cross-cutting working rather than being allocated to traditional departments.

Like Scotland, the presence of a coalition government forced the production of a political strategy to enshrine the key commitments of both parties. When the government entered into coalition with the Liberal Democrats in 2000, a new strategy document was required. The 2000 Labour and Liberal Democrat Partnership Agreement, *Putting Wales first: A partnership for the People of Wales* formed the basis for the *Plan for Wales* which translated the Agreement into policy. The WAG’s commitment to a strategic approach to policy-making has continued since and was further developed under Rhodri Morgan as First Minister. This can be more clearly seen in the documentation produced for the period of government following the 2003 elections. The overall strategy for Wales is contained in *Wales - a better country* a publication which sets out the strategic agenda of WAG. This document was produced in September 2003 and covers the period until the Assembly elections in 2007. It is supported by the *Wales Spatial Plan* and the *Sustainable Development Action Plan of the Welsh Assembly Government 2004-07* both of which act as cross-cutting mechanisms underpinning all the policy development of the WAG. In addition WAG has published *Making the Connections*, its public service reform plan. Details of these plans, the top ten commitments of the WAG, achievements to date and details of quango reorganisations are presented to the public via a WAG strategy website. This is the most coherent attempt at developing a strategic approach to government within the UK and is also interesting in terms of the presentation of the related documentation to the public via a dedicated section of the WAG website⁵⁰. The principal driver behind this approach to government appears to be the dominant political leadership in the person of Morgan. The SPU played a part in helping to develop the detail of much of the strategy documentation.

⁵⁰ <http://new.wales.gov.uk/about/strategy/?lang=en>

Interestingly while Morgan is considered by officials interviewed to prefer a collegiate style of government; his strategic approach to government is very similar to the corporate approach adopted by a corporate headquarters.

One of the most distinctive features of the WAG's strategy development process was the production of a clear statement of principles underlying the policy development and public service reform it plans. Four principles were identified:

- Citizens at the centre.
- Equality and social justice.
- Working together as the Welsh Public Service.
- Value for money.

Morgan (2004) (in WAG, 2004)

While other parts of the UK have also adopted underlying principles, none appear to have articulated these to the same extent or used them as such a guiding force of policy development from such an early stage. For example, the Westminster Government since coming to power has suggested various principles to underlie their policy development starting with the 'Third Way'. However it has taken until June 2006 for a discussion paper on public sector reform to be produced which clearly brings together, for policy-makers and public alike, a set of distinctive Westminster values which highlight competition, choice and voice and continuous improvement (PMSU, 2006). These values can be interpreted as representing a very different position than that espoused by Morgan, presenting a noticeable divergence with Whitehall. The success or otherwise of Morgan's approach is difficult to ascertain as part of this research and would require an in-depth review - potentially a very interesting project.

In practical terms of delivery, the work of the WAG is organised into over 60 programmes, which are used as the basis for planning and monitoring. Each department is made up of a mix of programmes. The role of the WAG was described in 2005 by a special adviser as 'strategic' and aimed at facilitating the development of policy instruments for delivery by others. Therefore the decline of the SPU is somewhat surprising given its potential to support a cross WAG strategic agenda.

5.1.7 Outline of the rest of this chapter

The rest of this chapter provides a detailed analysis of the aims and objectives, staffing, work undertaken and outputs of the SPU organised on a chronological basis. The analysis

examines the movement of CPSC and of WAG through the lifecycle while also commenting on issues such as staffing, resources, impact, outputs and relationships with the other UK strategy units. The emphasis is on exploring and explaining the impact of lifecycle and leadership using the analytical framework developed in Chapter 2. As with previous chapters, the final section of the chapter summarises the trajectory of the lifecycle.

5.2 Aims and objectives

5.2.1 The initial establishment of the unit

In November 1998, the SPU was established by the former permanent secretary Rachel Lomax, who, according to a senior official, was keen to promote coherence and to avoid fragmentation. Fragmentation was a risk as Ministers and departments had not been aligned deliberately to try and encourage cross-departmental working. The unit pre devolution consisted of one official and one part-time member of staff and, according to Laffin (2002:37), was regarded as relatively unimportant due to the limited need for co-ordination in a situation where policy was developed in Whitehall. The revitalised unit was headed by Matthew Quinn previously from the old DETR. The SPU initially focused on developing a strategic agenda for the new Assembly Members. One of their first projects was the preparation of guidance notes for Assembly Members produced in 1999. These notes covered all aspects of the Assembly's operations and an overview of key policy areas. Osmond (1999:8) noted that incoming members found this to be the most useful piece of paper provided to them on arriving in the Assembly. At the same time the unit undertook their first significant review, a baseline review of the NHS in Wales. At this early stage, Jones and Storer (2000:24) commented

'The Policy Unit (PU) is critical to the success or otherwise of the Assembly. It is a major link between the various departments and divisions of the former Welsh Office, the Assembly Members and the Cabinet,'

thus emphasising the role of the unit in developing coherence – a heavy weight of responsibility to place on a unit with minimal staffing levels.

The soon-to-be First Secretary Alun Michael shared the concerns of Lomax regarding fragmentation coming up to the creation of the Assembly. However Lomax was replaced in March 1999 by Sir John Shortridge, who was characterised by senior officials as focusing on the accounting office role and the importance of the new body not making mistakes rather than on strategic development. According to senior officials Michael wished to operate in the style of a 'Chief Executive Officer' in line with the evolving patterns of operation in Whitehall, which was undoubtedly why Blair was keen to ensure that Michael was appointed

as First Secretary despite strong local opposition. Rawlings (2001:5) described Michael's style as one of anticipating

'the argument, cautious and centralist, a very personal or 'hands-on' style of management. But, further, it can be seen to fit perfectly well with the formal constitutional design of the devolution statute.'

Michael therefore required a unit geared towards centralisation and control as identified by the first stage of the government lifecycle. The need for policy coherence and capacity identified by the Secretary of State for Wales was a strong driver of the initial development of the SPU. This focused the work of the unit on reducing uncertainty by providing information. However this went beyond the provision of facts and figures. At the beginning the SPU worked in a way akin to SAs focusing on themes and cross-cutting ideas and developing strategic ideas for debate to help the new Assembly to develop its agenda. The head of the SPU focused on mainstreaming key issues. This involved attending all Cabinet Meetings and developing agendas for the plenary sessions. At this time the staff of the SPU concentrated on special projects such as the NHS stocktake. So from the beginning the unit had a mix of objectives including reducing uncertainty and an element of developing creativity within the agenda setting activities of the unit. The objectives around reducing uncertainty could be conceptualised as - uncertainty in terms of information in the case of NHS review; in relation to related decisions in respect of thematic and cross-cutting developments but not, initially in relation to values. It appears that Michael in his early days adopted a managerialist approach rather than attempted to articulate a clear ideology – in line with Whitehall. Hence there was not a desire at this stage to develop a divergent set of guiding values which diverged substantially from Whitehall. Osmond (1999:11) noted that eventually

'Adverse criticism of Alun Michael's personal style of leadership culminated in a Wales on Sunday article (31 October 1999) headlined 'We're tired of control freak Michael'.

In February 2000, early in the life of the Assembly, Alun Michael resigned and Rhodri Morgan appointed as First Secretary and subsequently FM⁵¹. This led to a change of style as Morgan wished to '*give ministers their head*', according to a civil servant, and to encourage them to develop their own policies and programmes. This reduced the emphasis on centralisation through direct control and promoted an ethos of Cabinet decision-making, however it can be argued that the subsequent approach to strategy development offered another approach to centralisation. This change in leadership meant that the SPU had to

⁵¹ In October 2000 the term First Secretary was replaced by First Minister.

reposition itself. The unit took on production of the strategic plan, annual reporting and the FM's report. The SPU also developed groups to look at cross-cutting themes. Their role was to link and encourage rather than to proactively develop work. Examples of the work undertaken at this time included commissioning research from a university on partnership working to inform their thinking and developing a policy guidance intranet site. In 2000 and 2001 the unit hosted a policy week to encourage strategic thinking amongst departments as part of their core objectives to develop policy capacity. During this time the reporting structures of the unit changed. The unit moved from reporting directly to the Permanent Secretary to reporting to a new Cabinet department until 2002 and then directly to the Senior Director, Policy until the 2003 election. It also moved to reporting to Edwina Hart, the finance minister, and not Morgan as FM. By moving the reporting line of the unit, its role was changed from being at the centre of informing the thinking of the First Minister to a position of a more delivery or implementation focused unit, although it retained a co-ordinating role through the cross-cutting groups.

The work of the unit was also influenced by political developments within the National Assembly for Wales (NAW). In October 2000 a Labour-Liberal Democratic coalition came to power. In October 2000 Labour entered into coalition with the Liberal Democrats to secure a stable majority and, as stated above, the presence of a coalition government forced the production of a new strategy to enshrine the key commitments of both parties. At that point, the SPU became the 'glue' that helped to reassure the Liberal Democrats and turned the coalition document, *Putting Wales First: A partnership for the people of Wales* into a set of operational programmes. The head of the SPU worked closely with the both parties special advisers on issues surrounding the coalition.

The SPU continued to organise awaydays and established policy boards at the behest of Hart where ministers and senior officials met to discuss policy – the first sign of embracing the role of collective learning albeit limited to issues within departments rather than cross-departmentally. The work of the SPU changed again as it switched to dealing with systems issues rather than policy issues and focused on how to deliver.

The creation of a coalition, the change of leader and the subsequent change in ideology slowed the progression of the government lifecycle from the elevation to the embedded phase and of the SPU lifecycle from creation to restructure. Co-ordination through strategy became a key tool of Morgan's approach to government, but he used the existing structure of the SPU to take on different roles. In this sense, the SPU underwent a period of restructure as its role and objectives changed and its reporting lines were shifted within the WAG. At this

time, the SPU could be considered to be operating in the realm of reducing uncertainty alongside developing creativity while starting to look at issues of collective learning. What is evident from these early days is that the unit was being asked to undertake a very wide range of activities, hence restructuring in the form of developing a new work programme was inevitable to ensure its future effectiveness.

5.2.2 Post coalition – delivering the work programme

A detailed work programme for the SPU for 2001-02 was produced and presented to Cabinet by the FM. The overall aim of the unit was identified therein as:

‘To support Cabinet in the development of policy ideas, with a particular focus on cross-cutting and long-term strategic issues.’

Morgan (2001:13)

The SPU work programme contained a range of projects to be undertaken. These were described as:

- *‘to identify a coherent set of policy priorities to inform resource allocation in Wales from 2003;*
- *To identify the significant areas of risk in achieving the delivery of public services anticipated in Plan for Wales; and provide an analysis of the mechanisms that are available to the Assembly Government in assuring the required level of delivery;*
- *To evaluate the impact of Assembly strategic programmes on regeneration at regional levels, including work in south-east Wales following Corus closures; and to consider means of improving the co-ordination and effectiveness of such programmes and their relationship with programmes of community regeneration; and*
- *Economic inactivity (to follow)’*

Morgan (2001: 1-3)

In addition the ongoing task of preparing briefings for FM’s questions was noted as a responsibility of the unit. This involvement in a routine task kept the unit close to the ongoing short-term political issues of concern, but risked the possibility of reducing the focus on a more strategic approach. This is an example of limited resources being stretched in different directions from the beginning. The project work set out in the first programme for the SPU was very ambitious, covering issues of short-term strategic planning; delivery mechanisms and performance management arrangements; regeneration and economic inactivity. Within this range of assignments it is possible to recognise all elements of uncertainty, although reducing uncertainty regarding information seems the pre-eminent aim, as the relatively new Assembly established its priorities.

Within the work programme the SPU was described as a limited resource available to the FM and other ministers to undertake ad-hoc tasks which cross over ministerial portfolios.

Hence the original focus of the unit was on joining-up and on looking towards the longer term. This points to uncertainty regarding related decisions requiring more co-ordination and also to a concern regarding fragmentation. It also indicates a government moving to the next stage of the lifecycle whereby co-ordination is a key aim and centralisation is no longer the main mode of government. This phase required the SPU to look at restructuring and expanding to deal with the requirements of the government lifecycle.

In the period from 2001-03 the unit focused on the objectives set out in the 2001-02 work programme. The work undertaken at this time fed into the 2003 manifestos but did not result in publicly available project reports. At this stage sustainable development became a major area of work for the SPU. This responsibility had passed to the SPU during 2000 when the Assembly voted somewhat controversially, on the transfer of the Sustainable Development Unit from the agriculture department to the SPU to emphasise its importance and its cross-cutting nature. The unit supported the FM in launching an international regional network at the World Summit in 2002 and in implementing a sustainable development strategy throughout the WAG. Much of the unit's work in the period from 2001-03 was taken up with this new operational responsibility. This shifted the focus of the unit from working on one-off strategic projects and embedded its work in the day-to-day work of the rest of the WAG. A further change in the work of the unit occurred in 2003 when the unit dropped its overall responsibility for consultation.

5.2.3 Development of responsibilities post 2003 election

After the 2003 elections restructuring in the WAG created a new Directorate of Strategy and Communications containing the SPU. Reporting lines were altered. The unit reported managerially to the head of the Directorate of Strategy and Communications and ministerially a split set of reporting lines were agreed. The SPU now reported to Sue Essex, Minister for Finance, Local Government and Public Services on spatial planning and operational planning, to Rhodri Morgan on the annual report and monitoring delivery, and to Carwyn Jones, Minister for Environment, Planning and Countryside on sustainable development.

By 2004, the responsibilities of the unit had been organised into four main areas:

- *'Mainstreaming sustainable development and using it as a mechanism for joining-up policy.*
- *Spatial planning – again a mechanism for joining-up national policy for delivery in an integrated fashion at regional level.*
- *Operational planning for sponsored bodies.*

- *Cabinet Support for meeting and sub-committees.*

Source: WAG website, www.wales.gov.uk accessed at 1 June 2004

The focus of the unit was thus further geared towards operational issues and implementation, albeit of longer-term strategic objectives. Examples of this can be seen in the adoption of spatial planning as a delivery mechanism for joined-up working and the operational planning tasks undertaken to ensure that a strategic objective, the embedding of sustainable planning, is achieved. During 2004, the SPU took on responsibility for the 2004-05 operational planning process from Finance to enhance the value of this exercise and to make it a positive dynamic process. The overall aim was to link business and financial planning and budgeting. The SPU is heavily involved in the day-to-day work of operational planning. It provides the draft templates for the process; departmental directors complete these templates and the SPU control and review the output. Ultimately the departments are responsible for their own plans and the role of the SPU is to help refine them. The SPU is also responsible for quarterly monitoring, based on departmental quarterly reports which are sent to the policy committee. In the words of a senior official, one of the tasks of the SPU is to ‘*duff up*’ other departments if their performance monitoring and strategic planning is not up to standard. By this time, departments had begun to establish their own research and development capacity although the level of activity amongst these departments varied. Sometimes other departments asked for help but this had become a marginal part of the unit’s work.

The unit was now changing. SPU staff noted that it was previously organised as an intellectual think tank with project-based work whereas by taking on spatial planning, sustainable planning and operation planning, the unit moved from being a project-based organisation. However spatial planning in particular was recognised as fulfilling two key purposes of the unit. It is a tool for bringing about joined-up working and an objective in its own right. It works by dividing policies by geographical area to find out what combination of policy each area required. This requires constant communication with other departments. As noted by a senior official, an element of a directive centre still remained and could be operationalised through spatial planning, sustainable development and operational planning.

By late 2005 the SPU had been reorganised. The unit was now composed of two branches, the Policy Support Branch and the Policy Projects Branch. The responsibilities of each of these branches were wide-ranging including:

‘Policy Support Branch

Responsible for the operational planning process, policy testing and training; the planning process for Assembly Sponsored Public Bodies; monitoring and support for the Policy Committee of the Executive Board; Communicating the Cabinet’s

strategic agenda (including producing the First Minister's Annual Report) and Sustainable Development; Overall Sustainable Development co-ordination and reporting, including supporting the Cabinet Sub-Committee on Sustainable Development and the Wales Spatial Plan in respect of Sustainable Development; Monitoring the Sustainable Development Action Plan, and implementing elements of its commitments; Central contact point for Strategic Environmental Assessment (SEA).

Policy Projects Branch

Responsible for the Wales Spatial Plan, Special Projects, development work on the Sustainable Development Action Plan and international networking on sustainable development.'

Source: WAG website, www.strategy.gov.uk accessed 5 May 2006

The Policy Support Branch was described by an interviewee as the part of the unit that did work that was unglamorous but critical such as the operational planning process. The branch is also responsible for the development of policy tools and the support of departments engaged in policy development. The unit runs the policy gateway website which brings together a range of issues that major policies are expected to address before they can be adopted. Given the lack of policy-making experience in the Assembly, it was necessary to develop suitable policy-making tools from the beginning. Such tools have generally been developed in-house. Senior officials have expressed a view that the status of planning and monitoring skills has been raised through the work of the unit. Overall, however, the methodology of the unit, particularly in project work, could be described as '*hit and miss*'.

Within the SPU, staff noted that everyone has some involvement in sustainable development and in operating the machinery of government. The unit does not have a structured approach to futures work and the increasing emphasis on implementation has reduced the capacity for more abstract thinking which appears to have been taken up, at least in terms of strategic futures, by the Economic Advice Division. Interviewees considered that the SPU is not designed to incorporate both thinkers and doers. Unlike the units in Whitehall or Scotland, the SPU has not engaged in strategic futures work and focused on longer-term issues or think-pieces. Within the wider context of the strategic and communications directorate and the policy board, longer-term issues are discussed; however the unit has not published any specific futures documentation.

Within the context of lifecycle analysis the unit appeared to be reaching the final stage of its lifecycle in early 2006. At various points in its lifecycle it has engaged in reducing uncertainty, developing creativity and collective learning; it has not developed as a strategy unit in the same way at the PMSU or the SU; instead it has become embroiled in the routine business of the WAG without retaining the capacity to engage in independent work. This

points to a different direction for the unit; it could, in fact be said to be engaged in reinvention at this stage.

5.2.4 The last stage of development

Six key themes relating to policy-making in Wales in late 2005 were identified by Chaney (2006:11). Chaney noted: the ongoing development of policy-making capacity; a participatory approach to policy-making; the identification of the need for better policy evaluation; politicking around the budget to meet policy priorities; attempts to improve joined-up government and Wales-only legislation. Chaney identified, in particular, the dissatisfaction with equalities policy and the perceived lack of outcome information in this and other policy areas, leading to questions regarding the efficacy of the planning and monitoring systems in place which obviously require some future development. This helps explain the increased involvement of the SPU in this area of work since 2004. While Chaney (2006) noted an increase in policy-making capacity, this was primarily evidenced by an increase in consultation, not a current responsibility of the SPU.

Cross-cutting issues still exercised the WAG in late 2005. It was noted by officials that there were many themes to address which spanned departments and still a need to identify how to implement and monitor such issues effectively. Developments in areas such as procurement were sponsored by the SPU in 2005 with the appointment of a part-time member of staff to enhance the effectiveness and efficiency of the WAG in this area, leading on from work undertaken under the auspices of the Sustainable Development Policy. This further expanded the range of work being carried out under the sustainable development banner.

The SPU underwent a further restructure in summer 2006 and ceased to exist in its previous form from June 2006. Strategy was joined with equality in a new division while sustainable development and spatial planning was moved to a new separate division. Both are still be part of the Strategy, Equality and Communications Department and report to the Director of this department, Huw Brodie. They have also maintained their links with the Economic Advice Division and the Office of the Chief Social Research Officer.

Hence the SPU has reached the end of its lifecycle; not surprising given the jumble of roles, responsibilities, routine and one-off tasks it has undertaken. At this stage it had lost the capacity of being an independent unit helping the First Minister make strategic choices and had instead become a part of the operational functions of the WAG helping to implement and monitor policy. This reinvention is not necessarily due to a failure on behalf of the SPU; instead it is at least partially likely to be due to the more systematic approach to strategy development adopted by the WAG overall and led by Morgan.

5.3 Staffing

Staffing in the WAG overall was an issue of concern for politicians from the beginning of devolution. There was a perceived lack of policy-making ability within the Welsh civil service and a fear that Welsh civil servants were still in thrall to London. These perceptions led to the inclusion in the original 2000 Partnership Agreement of a commitment to ‘*move the Welsh civil service in a more autonomous direction*’ (Osmond, 2000:19). The aim of the WAG was to move towards an independent Welsh civil service fully committed to devolution and policies such as the introduction of a Welsh fast track and a review of secondment arrangements were suggested to attract a range of high quality recruits. The Head of the SPU was a civil servant, appointed in 1998 coming from the (then) DETR. From 1998 onwards he worked to establish the unit and was still in charge at its demise in June 2006. Initially the unit consisted of one part-time member of staff and one part-time secretary. The head of the unit was appointed by the then permanent secretary, Rachel Lomax and the Secretary of State for Wales, Ron Davies.

Initially the SPU was a civil service unit although it worked closely with SAs managing projects and co-authoring reports. Jones and Storer (2000:34) noted that

“The PU, Cabinet and special advisors have worked together closely to ensure a consistency of approach. However, whilst the special advisors are party political appointees answerable to the First Secretary, the PU reports directly to the Permanent Secretary. Nevertheless, it is inevitable that a close working relationship, which is mutually beneficial, has developed”

Given the very restricted size of the Welsh policy community, personal links were also inevitable. As noted by Osmond (1999:11) an early SPU member Carys Evans, and Alun Michael's speechwriter, Delyth Evans, are sisters, a not unexpected occurrence in such a small policy community and likely to be helpful, particularly in the early days of the WAG. In general, links between the First Secretary's private office and the civil service were noted to be very close (Jones and Storer, 2000:34). Following the reorganisation of the SPU on the coming to power of Morgan, two new members of staff were appointed, otherwise the staffing of the unit remained unchanged.

The unit experimented with incorporating the SAs formally during 2002-03 based on the Scottish experience. Officials and advisers co-authored and co-managed strategic projects over this period but an official noted that some of the project work of the unit did not have the expected impact from this linkage. Senior officials expressed a view that SAs did not have the time to fully contribute and tended not to be team players: a view also expressed by Scottish officials.

Post the 2003 election, the unit was restructured and the SAs were separated. As described above, a new directorate structure with Huw Brodie as Director of Strategy and Communications under Derek Jones as Senior Director, Policy was established and the head of the SPU reported to Brodie and to a policy committee. This directorate included the researchers, economists and communication people. By 2004 there were 20 members of staff split into three teams, policy development, policy support and cabinet support. Cabinet support remained in this unit for a couple of months before moving to the Cabinet Secretariat, essentially the FM's office. There was limited use made of outside secondees as, at this stage, the SPU did not work primarily on a one-off project basis. At this time, secondments throughout the organisation were not unknown as noted by the Permanent Secretary who noted in his corporate priorities and objectives 2004-06 that by 2003 the organisation had about '230 staff on secondment from outside organisations' (Parry and MacDougall). So there was no inherent objection to using staff from outside organisations.

In addition, in common with Scotland, there was a large increase in staff post devolution so that some '45% of the Assembly's staff had joined the Assembly since 1999' according to the Permanent Secretary's 2004-06 corporate priorities and objectives. Staff within the SPU were also mainly recruited post devolution, although compared to the PMSU and the Scottish SU staffing in the SPU has been relatively stable. Not surprisingly, a senior official noted that one of the issues facing the unit was the development and capture of new ideas to refresh policy – stability in staffing can create efficiency and organisational memory but it is not always useful for innovation.

SAs continued to play an important role in the unit even when not officially members. Both officials and SAs reported close working relations. The relationship between the two was described by a SA as 'based on mutual need' and as a two-way relationship. While SAs could assist by acting as a conduit to Ministerial views, SAs were dependent on civil servants who could act as 'change agents' according to a senior official and not as administrators. Officials noted that SAs are still involved in reviewing draft reports and quarterly budget reports for their Ministers thus creating an important role for themselves although this has never been formalised. Thus it appears that the unit has been successful in treading the 'narrow line between administration and politics' and fulfilling the

'facilitating role assumed by the unit in policy development and co-ordination will bring it into close proximity to both. In this context, the [S] PU has maintained a delicate relationship with the executive and specifically the special advisors of the First Secretary of the National Assembly.'

Jones and Storer (2000:35)

As at May 2006, the unit still comprised twenty posts of which one was vacant. Apart from the head of the unit there were seven filled and one vacant post in the policy support branch, of whom two work on sustainable development, one on communications, two on operational planning and policy processes, one on team development and the vacant post was for a policy support office for cabinet strategy. In the policy projects branch, alongside the head of the branch seven staff work on the Welsh spatial plan with three staff responsible for international and European sustainability issues.

The unit does not work in isolation from other civil servants. All the work of the unit involves staff from other departments. Unlike the SU in Scotland and the PMSU in Whitehall, much of the work of the SPU is orientated towards co-ordination across departments through the sustainability agenda and the spatial plan. Members of staff tend not to work on discrete projects in isolated groups. This raises questions around the nature of the skills required by SPU staff. Officials in the unit describe one of their main skills as being the ability to 'see the bigger picture' as suggested by civil servant interviewees. General project management and the ability to co-ordinate work across departments is also a key skill. However the wide-ranging work remit of the SPU does provide tasks which appear more akin to the traditional tasks found within a typical civil service department, hence raising questions about the uniqueness of the work of the SPU and its particular contribution. Interviewees recognised that there was still a capacity issue at the centre, but also noted that the need to create cultural change at the centre when bringing people in to fill this capacity gap has been recognised.

The role adopted by staff by May 2006 points to the unit still acting in a co-ordinating role for the government, consistent with a government moving from an embedded to an establishment phase of its lifecycle, however it is also consistent with an organisation that is losing its unique ability to engage in longer-term strategic development by becoming so closely involved in day-to-day implementation. In this sense it was moving towards the final reinvention stage of the lifecycle as evidenced by its subsequent demise.

5.4 Budget

During the period of the first administration 1999-2003 the annual budget of the SPU was around £1m. By the middle of the second administration this had increased to some £3m according to staff. A large proportion of this increase was to fund the spatial planning activities of the unit.

5.5 Output

The SPU has not published all of its work, particularly when it had little impact. From discussion with staff and a trawl through the internet the following publications can be identified.

- Strategy and planning documentation pre and post coalition.
- FM Annual Reports.
- Extending Entitlement 2000. Proposals for the future of youth services and support for young people in Wales.
- Fact file on the Assembly for new AMs.
- Report on the NHS (which led to restructuring).
- Wales spatial plan November 2004.
- Starting To Live Differently: The Sustainable Development Scheme of the National Assembly for Wales (various editions of this work – including actions plans and reviews).
- Output from the 2001 Policy week.

Other outputs included special reports for Cabinet jointly with the SAs on cross-cutting issues, including a paper on public service delivery that pre-figured the current 'Making the Connections' policies, and a paper on economic inactivity that helped to shape subsequent administration policy.

Identifying outputs for the unit is difficult as they are not clearly labelled as such within the WAG publications database. Officials reported that project reports have not been made public if they did not have a significant impact. Hence the above list may not capture all the unit's outputs.

Many of the unit's more recent publications consisted of reports and paperwork supporting sustainable development and spatial planning and the linkage of strategic, operational and business planning. The current work of the unit has resulted in a wide range of briefing documents, agendas and the policy intranet. For example, a review of the committee minutes from the Sustainable Development Committee indicates that staff from the unit regularly attended and produced seven papers for this committee between 2002 and 2004. In general, over time the unit has become more closely involved in the production of routine paperwork for committees. The unit also co-produces monitoring reports for departments across the WAG. In addition, in common with the earlier duties of the Scottish SU, the Welsh SPU is responsible for the production of the Assembly's overall plans and annual reports.

This change in emphasis can be interpreted as the unit reaching the final stage, reinvention, of its lifecycle. It is now involved primarily in the routine business of the WAG, albeit maintaining an overview role. Its work could be classified as that of collective learning

through this overview role in sustainable development, spatial planning and budgeting. It could also be read as containing an element of fire-fighting in acting as a monitor of the implementation of the WAG's main strategic agendas.

5.6 Impact

As noted at the beginning of this chapter, the SPU initially produced a very popular briefing for the new Assembly Members. Since then however impact is probably best measured by the influence of the unit or individual staff on policy-making processes as there has been a lack of publicly available reports on the work of the SPU as described above.

Another possible measure of the impact of the SPU, as used for the PMSU, is the mention of the unit in the media. In the period from 1999 to 2006, there were only four mentions of this unit, each dealing with a different issue as shown in Table 22. This certainly emphasises the relative anonymity of the SPU although it could also be a function of the nature of political journalism in Wales.

Table 22: Mentions of Strategic Policy Unit in local newspapers

	Western Mail	Daily Post	South Wales Evening Post
Procurement	1		
Spatial planning		1	
Personnel	1		
Quangos			1

Source: Lexus-Nexus 2002-2006

The unit was described by a senior official in 2005 as *'no longer a bunch of pointy heads'*. The official went on to say how the unit is now involved in the core business of the WAG and is firmly embedded in the day-to-day operations of the office. This was reported to be a positive move, changing how the unit is treated. More tangible emblems of success include the ability of the unit to provide senior managers with the information and reports they require for monitoring delivery and target achievement. According to staff in the unit, departments are vocal about their views on the unit's work. The SPU has undertaken a survey of colleagues to get feedback on their opinion of its work. The results were described by officials as 'mixed'.

A final test of the unit's impact is based around its role in delivery. Staff commented that the role of the SPU to enable government to deliver. The introduction of reporting structures based on SPU devised reports are there to identify failure to deliver, and success could be

measured by the effectiveness of these reports. Senior staff also suggested that a test of effectiveness will be the ability of the planning and budgeting system to produce a comprehensive set of plans that can be put in place one year after the 2007 election.

The lack of clear measures of impact leads to the conclusion that the unit is now so intertwined with the rest of the system that its contribution is difficult to ascertain, except in the rather more routine business of providing monitoring templates and operational paperwork. This also points to a unit nearing the end of its lifecycle as, without distinct measures of success it is difficult to create a logic for the maintenance of the unit.

Hence success for the WAG overall may consist in developing a completely different approach to strategy development and the creation of strategic capacity as the lifespan of the existing SPU reaches its end. The creation of a new CPSCU would enable the WAG to start again with a unit that was given a remit outwith day to day management. However the exact remit of that unit would be difficult to define as long as the WAG adopts a political approach to strategy development based on a more clearly defined ideology with the role of the civil service minimised.

5.7 Relationships with UK strategy units

In common with Scotland, Wales is represented at the six monthly meetings of the Strategy Forum and the Strategy Network. The head of the SPU or his deputy attends the Strategy Forum. These meetings were described as '*clubbable*' by those attending.

Senior staff expressed some disagreement regarding the attitudes and approaches put forward by the PMSU. Officials commented on the unwillingness of Whitehall to learn from the DAs. Scotland was felt to have some impact because of the Parliament and the Scottish media whereas Wales and Northern Ireland were 'ignored'. Officials noted rather scathingly that a strategy-led government actually had to have a strategy and felt that Whitehall could learn a lot if it was willing to engage more externally. Senior staff also commented that the PMSU's approach to strategy appeared to be more akin to policy-making and not conducive to developing a joined-up and coherent approach to policy. An official interviewed suggested an interesting difference between the UK and Wales in the role of the Minister. The Welsh method of operation was reported to be based on civil servants talking to delivery people and then sending ideas to the relevant Minister for decisions whereas the UK model was for on-the-ground agencies to go directly to the Minister, without official intervention, for adjudication. This style was considered by the Welsh to present a more coherent design, rather than trade-offs leading to incoherence. This rather negative view of the operations of Whitehall government may have some basis in the different political stances adopted by the

two governments. It may not be particularly helpful in developing closer learning relationships between the strategy units.

The main regular Whitehall contact was with the No.10 Policy Directorate. There were also various contacts with the Cabinet Office but these did not amount to a regular relationship. Recently, the SPU has been closely involved with the UK framework on sustainable development issues.

Contacts with departments within WAG were felt by senior officials to be good. The approach adopted by SPU staff was that of an enabling role to ensure that the departments retain ownership of their plans. Departments have developed their own infrastructures by setting up their business units. The SPU links with these units and with the WAG's finance, human resources and business information management capacity. An excellent example of this linkage is the joint project between the SPU and the Finance function to progress joint planning and budgeting.

5.8 The trajectory of the lifecycle

CPSC has been an issue of concern since the advent of devolution. Like Scotland, Wales suffered from a lack of in-house policy or strategy development capability amongst civil servants or Assembly Ministers while external sources of strategic development such as think tanks were also limited, although the Institute of Welsh Affairs regularly published relevant material. As with Scotland, the development of CPSC has been influenced by the changes in FM, however unlike Scotland the presence of a more clearly articulated political strategy has had a significant influence on CPSC. Therefore a somewhat different model of CPSC is visible in Wales offering another alternative operationalisation of CPSC based on a different underlying paradigm about the nature of strategy. Unlike the previous two chapters it is not so straightforward to trace the lifecycle of the SU within the lifecycle of the government. Notably the impact of ideology seems to have played a greater part in the development of strategy in Wales.

Table 23: Positioning of the Welsh CPSC within the lifecycle

Government lifecycle	Elevation	Embedded	Establishment	Enfeeblement
Government aim	Centralisation for control	Co-ordination of complexity	Steering to fight hollowing out	Centralisation for control
SPU lifecycle	Creation	Restructure	Institutionalise	Reinvent
Objective of the strategic unit	Reducing uncertainty	Developing creativity	Collective learning	Fire-fighting

Change mechanisms adopted	Instrumental Related developments preferred Agency dominates	Dynamic Revolutionary Structures dominate	Incremental Related developments preferred Culture dominates	Revolutionary Divestment
Timing	Michael	Morgan pre 2003	Morgan post 2003	SPU disbanded in its previous format 2006

In the early days of the Assembly, Michael adopted a cautious, centralist approach to managing the transition to devolution. He displayed an unwillingness to stray too far from mainstream Labour party policies and ideas. The SPU at this stage was created to help avoid fragmentation and to assist in this centralisation. In terms of reducing uncertainty, the SPU in its earliest days undertook a range of tasks including working on specific project areas. The SPU worked more in the mode of SAs focusing on themes and cross-cutting ideas and developing strategic ideas for debate to help the new Assembly to develop its agenda. The head of the SPU focused on mainstreaming key issues. This involved attending all Cabinet Meetings and developing agendas for the plenary sessions. At this time the staff of the SPU concentrated on special projects such as the NHS stocktake. So from the beginning the unit had a mix of objectives including reducing uncertainty and an element of developing creativity within the agenda-setting activities of the unit. The objectives around reducing uncertainty could be conceptualised as uncertainty in terms of information and uncertainty regarding related decisions in respect of thematic and cross-cutting developments. In terms of uncertainty relating to values, the brief period when Michael was First Secretary involved the SPU in developing a set of values for the WAG. When Morgan took over, this became a more overtly political task. So initially the SPU worked through the creation phase gradually building up responsibilities through an instrumental approach. This continued until Michael resigned and Morgan was appointed FM. At this point, Morgan moved the government to the next stage of the lifecycle, through the use of co-ordination rather than centralisation. At the same time he moved the SPU into a restructuring phase by changing the work programme and reporting lines for the unit. The changing work programme was inevitable to bring some order to the range of tasks that had been devolved to the SPU, perhaps a function of a lack of a clear central department such as the Cabinet Office?

Post the 2003 election, the government remained within the embedded stage with new developments and radical changes occurring such as the re-absorption of the main Welsh quangos. At this time the SPU also underwent further restructuring in terms of its role,

internal structure and reporting lines again as the WAG further reorganised its centre. This prevented the unit from becoming clearly embedded in structural terms but at the same time, the shift to operational responsibility for spatial and sustainable strategy implementation and operational planning moved the SPU into the institutionalise phase of its lifecycle based around collective learning, but also becoming a routine part of the day-to-day work of the rest of the WAG.

Looking at the government lifecycle it appears that the WAG has spent much time at the embedded stage under the leadership of Morgan but may now be moving to the next stage, that of establishment. It is a government based on a mixture of co-ordination and steering, achieved through the operation of a Cabinet Government and the use of a set of strategic documents that govern policy development. Compare this to the lifecycle of the SPU. The SPU does not appear to have developed in tandem with the government. It started with the role of reducing uncertainty and quickly moved to that of developing creativity and even some collective learning, but it then allowed itself to be drawn into matters that could be seen as fire-fighting or more mundanely, matters that are fundamental to the routine business of the government but are more concerned with delivery rather than future strategic planning.

Why did the government and the SPU fall out of tandem? This could be a function of the dominance of political ideology and a FM that focuses instead on Cabinet Government. Within this political landscape, strategy becomes political and is developed through political channels rather than by the civil service. The role of the civil service in strategy development in this position becomes rather unclear. If politics rather than evidence becomes most important what can a strategy unit add to the process? If the government stays at one stage of the lifecycle how can a strategy unit maintain a freshness and challenge to help the government make the best choices when those choices appear to be already made?

The end point of the SPU came in June 2006 when it was disbanded and its role split amongst other units. This brought the lifecycle of the unit to an end. However this does not necessarily mean that CPSC is at an end. In common with the other UK polities reviewed so far, CPSC in Wales faces four main challenges, to:

1. remain in contact with the rest of the organisation and not to be perceived as an unnecessary overhead;
2. produce work that pays due attention to political and delivery reality while operating an evidence-based paradigm to avoid alienating the rest of the WAG and becoming seen as at best a nuisance at worst an obstruction;

3. avoid unnecessary bureaucratisation to maintain the creative edge required to produce new ideas; and
4. avoid being sidelined by an unsupportive FM who did not see the need for such a unit or felt that it interfered with the implementation of plans arising from ideology or conviction politics.

The reinvention of the SPU as a different set of structures with mixed operational, planning and strategic responsibilities renders the above challenges irrelevant for the now defunct SPU, but they still remain as questions for the WAG and the successor organisations. The WAG has not used CPSC in the same way as in Whitehall or the SE to generate new policy ideas, and undertake strategic audit or strategic futures work based on an evidence-based paradigm. Instead the WAG has adopted a politically driven highly integrated approach to strategic planning based on ideology and conviction. Therefore any successor CPSC faces particular difficulties in establishing a credible role within the current ideological position.

Alongside the four challenges facing CPSC identified above, Wales faces fundamental reform in the shape of the Richard Commission recommendations. The Richard Commission was established in 2002 to review the powers of the Welsh Assembly. The review's terms of reference dealt with two sets of issues, the power of the Assembly and electoral arrangements. The specific issues relating to the power of the Assembly that the Commission was asked to consider were:

- *'whether the Assembly's powers are sufficiently clear to allow optimum efficiency in policy-making;*
- *whether both the breadth [i.e., the range of issues over which it has control] and the depth (i.e., the capacity to effect change within those issues) of the Assembly's powers are adequate to permit integrated and consistent policy-making on issues where there is a clear and separate Welsh agenda;*
- *whether the mechanisms for UK Government policy-making as regards Wales, and the arrangements for influence by the Assembly on these, are clear and effective, and in particular whether they correct any apparent shortcoming from the previous item; and*
- *whether the division of responsibility between the Assembly and the UK Government places inappropriate constraints on Whitehall policy-making, both on matters over which the Assembly has control and otherwise.'*

Richard Commission (2004)

The Richard Commission's report, produced in 2004, fed into the Government of Wales White Paper and ultimately led to the Government of Wales Bill that was produced in autumn 2005. This bill seeks to put in place many of the recommendations of the Richard Commission and to make a number of significant changes to the 1998 devolution settlement.

The principal changes included are: the legal separation of the National Assembly from the Assembly Government; enhanced legislative powers for the Assembly, although primary law-making powers will not be introduced without a further referendum; and changes to the electoral system (Wyn Jones and Scully, 2006:8).

The proposals of the Richard Commission are likely to put further strain on the policy-making capacity of the WAG in due course if the legislative powers of the Assembly are increased or the range of devolved policy areas widened. This was investigated as part of the work of the Commission. A new Assembly with enhanced powers may need additional policy capacity and the role of CPSC will need to be revisited in due course depending on the eventual nature of the enhanced powers achieved. The legal separation of the NAW from the WAG may encourage the opposition to intensify their questioning of government in terms of operational issues; therefore the WAG may have to address further questions relating to its planning processes and how it has used CPSC but this is rather speculative and it is impossible to say what impact enhanced powers will have on the need for and the operation of a new form of CPSC.

6 Northern Ireland - CPSC with constitutional uncertainty

6.1 Background

6.1.1 Introduction

The fourth locus of central government strategy development within the UK is Northern Ireland which forms the final case of this research. Northern Ireland is often omitted from considerations of UK government and administration due to its particular combinations of constitutional issues and administrative arrangements. However such omission is unwarranted as its differences can, in fact, help to enlarge our understanding of the functioning of central government. While this thesis has been written at a time when the devolved Assembly has been suspended since 2002, it is still possible to examine the unfolding of the lifecycle of the CPSC put in place at the start of devolution.

Northern Ireland presents an example of a stalled political lifecycle. In common with the rest of the UK, political leadership has been a key factor in the development of the Assembly and its policy-making structures. Unlike the rest of the UK, the impact of politics and political leadership has been largely destructive, resulting in the suspension of the Assembly in October 2002. By stalling the operations of the Assembly, the evolution of the supporting policy-making processes within the Northern Ireland civil service has taken place in the absence of engaged political leadership and a lack of an independent policy-making requirement. However, government continues in the absence of the Assembly and the nascent structures established in the early days of devolution have developed a dynamic of their own, pointing to the inevitable impact of lifecycle on organisational development independent of the political or governmental lifecycle. This chapter shows how the central unit in the Northern Ireland Civil Service (NICS) responsible for policy innovation has moved through a number of phases independently of the stagnation of the devolved Assembly. This presents some interesting reflections on the influence and impact of political leadership and the ability of the administrative structures to continue to evolve without direct political guidance. However the impact of direct rule cannot be ignored. As the suspension of devolution becomes a routine state of affairs, direct rule Ministers have tended to become more forceful in developing and implementing new policies (see for examples, Wilford, 2004:14). Direct rule Ministers therefore draw their political guidance from London; the influence of New Labour approaches from Whitehall is unmistakable.

Under direct rule the establishment phase has been reached for CPSC. The development of the NIA had stagnated so when devolution is re-established, it will be interesting to see if the

CPSC returns to a new creation phase of reducing uncertainty or if it is able to maintain its own, more advanced progress alongside the development of the government.

Before undertaking an analysis of the development of CPSC in Northern Ireland, this section looks at some of the contextual issues relevant for Northern Ireland. These include the creation of central structures and the Office of the First Minister and Deputy First Minister.

6.1.2 Creating central structures

The NIA, a creation arising from the Good Friday agreement, was always a fragile institution with a set of structures and operational arrangements designed to fulfil the demands of the political parties rather than the effective governance of the province. The Good Friday Agreement, reached in April 1998, led to the establishment of eleven new departments including the Office of the First Minister and Deputy First Minister (OFMDFM). Ministerial portfolios were allocated using the d'Hondt method and a cross party committee was established for each department which was responsible not only for departmental monitoring but also for discussing policy with departments and proposing legislation (Carmichael, 2002:43).

Unlike the rest of the UK, that part of the civil service in Northern Ireland dealing with devolved matters is not part of the 'Home' civil service but is established as the Northern Ireland Civil Service (NICS). While the political leadership of the NICS has swapped between the NIA and the NIO, depending on the status of devolution, the organisation of the NICS has remained the same (Pilkington, 1999:150). Unlike the rest of the UK, senior civil servants in Northern Ireland became accustomed to less anonymity than customary during the years of direct rule leading up to devolution and may have struggled to cope with devolution and the need for the new politicians to take control as public representatives. (Carmichael, 2002:44) A local commentator⁵² noted that in the early stages of devolution, senior civil servants had very modest ideas of what could be achieved and had still to develop the skill of working under close ministerial scrutiny.

Senior civil servants commented on the inadequacy of the administrative structures put in place and noted that operating within the structures required a significant degree of political acumen. One senior civil servant interviewee suggested that the departmental structures in place, particularly the presence of a strong centre, may be preferred by the Unionists who will always provide the First Minister under the current arrangements, while Sinn Féin may prefer more thematic arrangements. A number of commentators (including think tank

personnel and a senior civil servant interviewed) noted that the establishment of 11 departments created fragmentation, which mitigated against coherent and joined-up policy. A local think tank also suggested that such fragmentation could only be overcome by bringing functions back to the centre. In July 2006 the Secretary of State of Northern Ireland, Peter Hain, identified the need for structural reform within the NICS following the Review of Public Administration process. At that time, his stated intention was to leave this to a reformed Assembly to initiate but to proceed if the NIA was not re-established by the November 2006 deadline⁵³. The reorganisation of permanent secretaries in the civil service was identified by Wilson and Wilford (2006:30) as a possible precursor of such reorganisation.

6.1.3 The OFMDFM

The centre of government in this departmental arrangement is the OFMDFM. This department was established with a wide-ranging remit. The overall aim of the department stated in the OFMDFM 2002-05 Corporate Plan was to create *'a cohesive, inclusive and just society governed effectively through fully representative and well informed structures'*. To support the achievement of this aim a number of departmental objectives were established:

- *'Supporting OFMDFM ministers and the institutions of government.*
- *Building a Programme for Government and Modernising Government Programme.*
- *Promoting better community relations and a culture of equality and rights and targeting social need.*
- *Developing the organisation.*
- *Serving our customers.'*

Source: OFMDFM Corporate Plan 2002-05

More detailed statements of aims and targets for OFMDFM were provided by the use of Service Delivery Agreements (SDAs) and Public Service Agreements (PSAs). For example, the PSA for 2003-04 identified two key objectives.

'Objective 1: To assist government in making and implementing well-informed and timely policy decisions and improving public services by: supporting Ministers and the Institutions of Government; and building a Programme for Government and Modernising Government Programme'

⁵² Outwith the civil service

⁵³ <http://www.nio.gov.uk/media-detail.htm?newsID=13334>

Objective 2: To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims.

Source: OFMDFM (2003)

It is interesting to note that the first of these objectives related to the creation of a government that is fit for purpose by supporting and modernising the institutions and by working on the development of strategy for government. This placed the OFMDFM at the centre of the creation of an active policy-making administration although at this stage direct rule was in place and the impetus for change provided by devolution was lapsed.

By the time the 2006-07 OFMDFM Business Plan⁵⁴ was produced the role of the department was identified as:

1. *‘to support the work of the Executive (during devolution) and collective decision making by Ministers under direct rule;*
2. *to undertake a wide range of departmental functions allocated to the First Minister and Deputy First Minister and which continue to be exercisable under direct rule; and*
3. *to provide a service to other government departments.’*

Source: OFMDFM 2006-07 Business Plan

At this stage a distinction was made between the role of the department under devolution and under direct rule. The overarching aim of OFMDFM, the creation of *‘a cohesive, inclusive and just society administered through effective government’* remained similar to that proposed in the 2002-05 Corporate Plan but has also been changed to recognise the reality of direct rule as it no longer refers to *‘fully representative and well informed structures’* instead settling for *‘effective government’*.

By 2006-07 the department had also identified the following four objectives.

1. *‘To assist government in making and implementing well-informed decisions and improving public services.*
2. *To promote equality of opportunity, human rights and improved community relations, tackle poverty and social disadvantage, and meet the needs of victims.*
3. *To continue to develop OFMDFM as an organisation.*
4. *To serve our customers.’*

Source: OFMDFM 2006-07 Business Plan

⁵⁴ This plan brings together the PSA and more detailed targets and objectives for the department

This is a somewhat more sophisticated restatement of the earlier objectives of the 2002-05 Corporate Plan highlighting the need for organisational development even under direct rule. It still includes the concept of a customer relationship between the department and its stakeholders. Under devolution this was a key objective in terms of building a more open style of government and under direct rule could also be seen as very much in line with Whitehall Labour thinking.

The various aims and objectives required the establishment of a complex department with a number of different units. The OFMDFM originally consisted of eight departments/directorates:

- The Office of the Legislative Council
- Legal Services
- Executive Information Service
- Executive Services Directorate
- North/South Ministerial Council
- Equality Directorate
- Economic Policy and Public Service Directorate
- Review of Public Administration

Of most relevance to strategic development within the government is the Economic Policy and Public Service Directorate. This directorate originally consisted of six divisions, the Economic Policy Unit (EPU), the Public Service Reform Unit, the Strategy and European Affairs Division, the Central Information Technology Unit, the Northern Ireland Bureau in Washington and the Office of the Northern Ireland Executive in Brussels. The EPU contained a number of sections responsible for economic policy and effectiveness, the Programme for Government and Financial Resources, the Programme for Government and PSAs, the Reinvestment and Reform Innovative Unit, the Public Private Investment Unit and the Policy Innovation Unit (PIU) which forms the main focus of this chapter.

By the time the 2005-06 Business Plan was produced, the EPU had been reorganised and consisted of five divisions, Programme for Government, Public Private Investment Unit, Finance Issues, Economic Advice Unit and PIU.

By 2006, the OFMDFM had been reorganised and the Economic Policy and Public Service Directorate replaced by the Resources, Regeneration and International Relations Directorate.

This new directorate still contained the EPU alongside the Corporate Services Division; Head of Regeneration & External Affairs Division; Office of the Northern Ireland Executive Brussels; Northern Ireland Bureau in Washington and the Head of Finance Division.

6.1.4 Structure of this chapter

This rest of this chapter analyses the development of CPSC under the headings of objectives, staffing and impact. It presents this analysis in two phases – the period of devolution up to the 2002 suspension of the Assembly and the period post suspension. This second period can be sub-divided into periods characterised by the nature of the leadership in place. Following this analysis the chapter concludes by assessing the positioning of the NIA, the EPU and the PIU within the organisational lifecycle. The reorganisation of the core executive as demonstrated by the frequent changes in the structure of the EPU, points to the difficulties in finding an optimum set of structures at the centre. In this respect Northern Ireland differs little from Whitehall, Scotland and Wales.

6.2 The aims and objectives of the EPU and PIU

6.2.1 Up to suspension

The starting point for the creation of the PIU was the initial establishment of the EPU, which was one of the earlier tasks of the OFMDFM. In an interview with the Belfast Telegraph the then FM David Trimble identified the establishment of this unit as a major innovation and expressed a belief that the EPU would

‘..play an important role in ensuring the Assembly and its departments work well together for the good of the economy. It will do so by spreading the responsibility for economic and financial management across more than one department.’

Source: Trimble (1999) in McDonnell (1999)

This initial statement of intent indicated that co-ordination was a key role of the EPU from the beginning. It also highlighted what could be perceived as underlying principles of the Assembly – to co-operate to bring about economic success. This is a somewhat different focus to the values expressed by the other administrations such as Whitehall or Wales. However given the political climate in Northern Ireland, it provided an agenda to which all the political parties could subscribe. More formally the initial role of the EPU was to

‘support the First Minister and Deputy First Minister, and through them the Executive Committee as a whole, in their strategic role and responsibilities for the formulation, co-ordination and management of the policies of the new Administration’

Source: OFMDFM website, www.ofmdfmi.gov.uk accessed pre suspension

The EPU played a key role in the production of the Programme for Government for the first Administration. The aim of this programme was for the Executive Committee to work together under the leadership of the FM/DFM to develop a strategic programme with longer-term goals that would then support the production of annual plan and budgets. Hence a corporate approach could be developed and all departments feed into the overall strategy for the Administration. Each department was asked to provide *'firm proposals on cross-cutting themes'* (Wilson, 2000:30). From the beginning the government concentrated on using a rather managerialist or technocratic approach to strategy and policy development.

This overall aim of the EPU reflects the initial need of the government to reduce uncertainty regarding the working environment, related decisions and guiding values requiring more information, more co-ordination and clearer objectives. A previous head of the EPU suggested its role was to *'add weight to the centre'* and to provide the FM and DFM with information and analysis. It was also tasked with achieving coherence in the programme for government to ensure that the finance department budget and overall priorities matched up. Finally the EPU was required to assess departmental policies for the FM to ensure they had been rigorously developed and tested and that they matched the priorities for government. Senior civil servants noted that in the period pre-devolution ministerial preference for policies tended to ensure their adoption with no rigorous analysis or testing. This involved the EPU in a policy screening role which appears consistent with a desire to maintain overall control and to use strategy as a controlling mechanism.

Within the broad remit of the EPU, the PIU was established in July 2000 to *'mirror the Cabinet Office PIU'* according to a senior civil servant. The initial aims of the PIU were to

'improve the capacity of the NI administration to address strategic cross-cutting issues and to promote innovation in the development of policy and the delivery of government objectives'⁵⁵.

This statement of aims was similar to the initial aims of the Whitehall PIU and in the beginning the earlier projects undertaken by the unit consisted of cross-cutting issues including a review of the opportunities for PPP, a review of fishing villages, the investment in farms initiative and the task force for South Down, all of which were discrete projects aimed at solving specific policy problems. The unit made some use of outside help to supplement its own resources when undertaking policy projects. Projects had different origins. The PPP project originated within the PIU whereas the fisheries project started within another department and the PIU were invited to help. The 2002-03 SDA for the PIU

⁵⁵ Senior civil servant interview

noted that the main task of the unit was the production of three studies during 2002-03; a task that was fulfilled although no details of the eventual outcomes were provided in the SDA.

During 2001, the EPU was tasked with the production of a 'Practical Guide to Policy-Making' for the NICS (Wilson, 2001:6). This was aimed at helping the NICS improve its policy capacity and to reduce its dependence on policy prescriptions coming from Westminster. Civil servants recognised that there was a need for the NICS to improve its policy-making performance to make local policy for Northern Ireland.

These initial developments appeared positive and it seemed that the Assembly and its CPSC were adopting some rather revolutionary changes through the agency of the FM, the DFM and senior civil servants. At this stage the NIA appeared to be moving from an elevation to an embedding phase using a corporate approach of a hierarchy of plans to achieve co-ordination. The EPU and the PIU supported this process by focusing on reducing uncertainty but also by introducing aspects of developing creativity. However commentators noted that by November 2001, the draft second Programme for Government played down any distinctiveness and adopted a rather technocratic approach reducing the importance, for example, of the need for strategic, 'joined-up' policy-making (Wilson 2001:6). During early 2002, commentators including Wilson (2002a:6) presented a rather depressing picture of an Assembly so accustomed to direct rule that it lacked the ability to initiate new legislation and policy proposals. Part of the reason for this, it was suggested, was the lack of direction from politicians who had yet to develop their own party policies for government. Another problem identified was the plethora of 'audit mechanisms' in operation which tended to absorb potential policy development energies and to 'crowd out innovation' (Wilson 2002:6a).

During 2002, a review of the NICS response to devolution was undertaken however commentators (including Wilson, 2002b:9) considered that this review did not tackle the issue of policy-making in any depth and demonstrated a lack of any indication of evidence-based policy-making. Senior civil servants interviewed supported these views noting that the Assembly was not very effective in terms of developing a coherent programme for government given the mix of ideological stances adopted. In this situation the role of the civil servant engaged in strategy work becomes extremely difficult. Outsiders commented that the strategy and policy-making skills within the NICS were inadequate; however civil servants questioned the extent to which they should take strategic decisions in the absence of instruction from the relevant Ministers. The main underpinning for policy-making at this stage in the life of the Assembly was the requirement for equality and widespread

consultation. While the intention of the Belfast Agreement regarding consultation was, no doubt, worthy and meant to ensure that all sectors of society were given a chance to feed into policy, civil servants and outside commentators have questioned the usefulness of the Section 75 requirement in achieving meaningful consultation. In any case, no degree of consultation could replace the need for a policy steer through political ideology, strategy or simple instruction. Officials also noted that the consultations around the first Programme for Government were not satisfactory⁵⁶.

The focus of Northern Ireland's politicians was on constitutional issues from the beginning. Distrust amongst the political classes helped to maintain an insistence on a rigid auditing culture with bureaucratic arrangements that led to a stifling of change (see Wilson, 2000 and civil servant interviewees). The political lifecycle was stalled in the earlier stages with the Executive unable to move on to fully embed the government due to the ongoing fragility of the Assembly and the concentration of local politicians on traditional Northern Ireland concerns unrelated to routine policy-making or strategising. This impacted on the work of the EPU and the PIU which was forced to take on a functional role as a department which produced documentation in a technocratic manner lacking the necessary ideological or evidence-based steer which would assist in producing longer-term more ambitious policy. As politicians found it difficult to work together to produce some overarching strategic principles, civil servants struggled to produce the sort of overarching strategic work necessary to shape future policy. One senior civil servant commented that while the Assembly was not a very effective entity, even the Executive found it difficult to develop a coherent programme for government given the mixture of ideologies involved and the very limited amount of policy debate undertaken.

This situation was halted by the suspension of the Northern Ireland Assembly by the Secretary of State for Northern Ireland from midnight on 14 October 2002.

6.2.2 Post suspension

Northern Ireland's civil servants have previous experience of dealing with day-to-day government during political crisis. A former permanent secretary Oliver commented in 1978

'administrative life is going on all the time: we were not just concentrating on emergencies not by a long chalk'

Carmichael (2002: 5)

⁵⁶ The author was told how various political parties reacted to the language in the documents and the extent to which they implied working with the UK or with the Republic of Ireland rather than commenting on the substantive content of the policy direction therein.

Hence the suspension of devolution did not lead to a crisis in administration which continued to function in a similar manner. However post suspension the political and policy climate changed. Direct rule Ministers wished to emphasise the temporary nature of their position and did not seek to create policy beyond the rather narrow parameters already established by the Assembly Ministers. Political input to strategy development was limited and ambitions were relatively modest. Indeed at the beginning of direct rule, the main aim of Ministers appeared to be to keep Northern Ireland functioning until devolution could be restored. This was emphasised by the production in the immediate period post suspension, of the Programme for Government covering the period from 2003-06, which did not establish an ambition of divergence from the rest of the UK. The title of this document *Building on Progress*, pointed to more limited aims. The document simply promised ‘*the delivery of high quality public services to all the people of Northern Ireland*’ (Wilson 2003b: 18).

Within this rather hesitant political climate, the administrative classes in Northern Ireland could exercise greater influence over public policy than their Whitehall counterparts, due to a lack of political debate and effective opposition under direct rule (Carmichael, 2002:6).

The EPU

The role of the EPU did not change substantially under direct rule, at least at the beginning. The EPU’s SDA outturn document for 2002-03 gives some indication of the work of the unit. This indicates that the focus of the unit was the production of overall plans, budgets and agreements for the Assembly as a whole. It demonstrates the continuing importance of the EPU as a centre for the production of the programme for government and the monitoring tasks associated with a system of PSAs and SDAs. NICS had adopted the Westminster system of PSAs coupled with SDAs although many of the targets were either process driven or rather vague. In this context the managerialist approach to policy development and delivery developing under devolution was continued. This approach could be used as a driver to improve performance and as a monitoring or auditing tool. Its rather complex nature surely contributed to the perceived over-auditing of the NI Assembly. In addition, under direct rule, performance and performance monitoring served a different function. Direct rule Ministers reporting to Whitehall were more likely to adopt a Whitehall system and less likely to provoke disagreement by developing new approaches to performance management more suited to local circumstances.

The production of the Programmes for Government and the Annual Reports on achievement took up much of the unit’s resource during the period from 2002-04. The emphasis was on the mechanics of delivery with detailed outputs specified but with a lack of strategic vision

or a clear set of policy outcomes. This technocratic and rather timid system of planning and monitoring demonstrated the extent to which policy in Northern Ireland had not developed greatly since pre-devolution days. Reasons suggested for this are the

‘weak policy capacity at Stormont (concentrated in a tiny Economic Policy Unit in the OFMDFM), the crowding out of policy innovation by Northern Ireland’s mistrustful audit culture and the virtual absence of any significant policy input from parties with no reliable positioning on any left-right governance spectrum.’

Wilford and Wilson (2003a:11)

However within departments, policy development work was proceeding with stakeholder involvement partially substituting for political party input according to civil servant interviewees involved with policy-making. It could be a weakness of the centre or of the technocratic approach to reporting and monitoring that such developments did not appear to be recognised.

During 2003, the EPU and PIU published their guide to policy-making, *A practical guide to policy-making in Northern Ireland*. The purpose of the guide was stated to be to

‘diffuse a culture of policy innovation, evidence-based policy-making, ‘joined-up government’ and iterative evaluation among officials across departments’.

Wilford and Wilson (2003:11)

The Head of the NICS, Nigel Hamilton, looked to the guide as a key strand to strengthen policy capacity and to encourage policy development as an activity to be carried out throughout the NICS (Hamilton, 2003 in EPU, 2003). The production of the guide could be interpreted as the PIU moving towards the idea of developing creativity and setting the scene for collective learning. At this stage the EPU/PIU had moved beyond the creation stage of their lifecycle and was moving towards the restructuring stage. However as noted by Wilford and Wilson (2003:12)

‘the impact of a guide originating from the new demands of devolution will undoubtedly be diminished for as long as it is suspended’.

So the ability of the rest of the NICS to evolve in the same trajectory was diminished.

The Business Plan for the OFMDFM for 2004-05 lists the aims and targets of the EPU. From these targets it appears that the EPU has a policy development remit but remains very focused on matching resources to policy and developing monitoring tools such as the PSAs. The main target relating to policy development was the establishment of a research database and the production of quarterly policy bulletins and seminars. Departments could ask for EPU input into their policy-making process to ensure the outcomes were satisfactory and according to a senior civil servant some departments have made use of this resource.

However a key role of the EPU remained the overall business planning of the NICS. This can be demonstrated by the regular production of corporate and business plans and service level agreements. The procedures of government have continued unhindered. The 2005-06 business plan for the EPU outlines the most recent objectives of the EPU and their relationship to the relevant OFMDFM PSA target. These are:

- *'To work with Ministers, Departments and others to secure good government, well-informed decisions, excellence in policy and legislation making and high quality services responsive to customer needs. [OFMDFM PSA TARGET 1.1]*
- *Effective implementation of the Reinvestment and Reform Initiative working with the SIB to improve infrastructure and boost economic progress. [OFMDFM PSA TARGET 1.5]*
- *To create a culture which promotes optimum working practices and recognises and values the aspirations and needs of individual staff.'*

Source: EPU (undated) business plan 2005-06

This corporate approach enables OFMDFM through the EPU to maintain a co-ordinating role in this period of direct rule. This is facilitated by the sharing of a direct rule Minister with the Department of Finance and Planning. According to a senior civil servant this leads to closer working but also weakens the scrutiny and checking role of the EPU with regard to aspects of budgeting and planning.

The PIU

From 2002 the main focus of the PIU was on improving the policy development capacity of the NICS. Some indication of the weakness in this area can be found in the Wilson (2003a:40) where it was noted that

'In Northern Ireland's (and indeed Ireland's as a whole) clientelistic political culture, evidence-based policy-making is a novel concept. One senior policy-maker at Stormont recalled how when he asked an applicant for a job what he thought of the idea, the latter's response was to suggest that 'policy-based evidence-making' was rather more the style⁵⁷,

A senior official interviewed commented that while the work of the unit reflected that of the PIU in Whitehall in its earlier days it has not developed onwards in the same way. In terms of resource availability and the appetite for discrete policy projects, the Northern Ireland PIU was in a very different position and so was required to adopt a different role. A previous head of the EPU commented that the PIU wished to maintain the ability to take a longer-term

⁵⁷ When the author of this PhD was working in the SU in Whitehall, this comment was occasionally heard there also. The evidence-based paradigm at time could be conveniently ignored when it produced uncomfortable evidence.

view. Hence while PIU senior staff commented that a focus on helping other to develop their own policy capacity appeared to be the best way forward as this was a recognised area of weakness; the unit also tried to retain a longer-term overview and to encourage others to do similar.

As already stated, the PIU was tasked with developing a policy-making guide and to build on this with regular policy-making bulletins and a policy development website. The first Policylink Bulletin was produced in September 2003 and these have been produced every quarter since then. The website was also launched in 2003⁵⁸ and is regularly updated. The production of these bulletins and the maintenance of this site is one of the most public of the PIU's activities. This is in-line with developments in the rest of the UK where the central unit takes responsibility for spreading good practice and standardised approaches throughout government, albeit the Northern Irish model is possibly one of the most advanced and the most public of the CPSCU's attempts to provide strategy guidance for those operating both within and outwith the civil service.

Another key activity of the unit has been the production of an integrated impact assessment tool. The purpose of this tool is to bring together key questions from a range of different assessment documentation and to assist in prioritising the outputs from the impact assessment. This has been publicised and made available for departmental use via the policylink website alongside other supporting documentation. This tool assists departments in the application of the various impact assessments required when developing policy. Both of these sets of activities point towards the role of the unit as one of developing creativity and supporting the idea of collective learning.

By 2004, the PIU was working towards three clear objectives:

- *'improving the administration's capacity to address strategic, cross-cutting issues;*
- *promotion of good practice and innovation in the development of policy and in the delivery of the administration's objectives informed by best practice elsewhere; and*
- *the promotion of evidence-based policy-making, including the dissemination of relevant information and research.'*

Source: EPU (undated) business plans 2004-05 and 2005-06

These objectives firmly position the PIU in the role of developing creativity and facilitating collective learning. The PIU expanded its activities outwith the civil service. By 2006 it was involved in presenting to outside community and voluntary groups on the policy-making

⁵⁸ <http://www.ofmdfmi.gov.uk/policylink/>

process. This serves a dual role of informing the sector about the policy-making process and raising their capacity to become involved. It also raises the profile of the PIU and its work.

The PIU has recently analysed the results of the Policy-making and Legislative Capacity Audit and produced a series of recommendations to complement the departmental recommendations. This audit provided feedback to the unit on its performance and the resulting recommendations form an agenda for the PIU. The head of the unit in 2006 was attempting to clearly position the unit to be ready to operate at its optimum potential on the return of the Assembly. Given the limited resources of the PIU its efforts will be entirely focused on facilitating the work of other departments rather than undertaking projects of its own, particularly as issues of joining-up and co-ordination are still problematic. This requires the unit to adopt a more strategic approach to its own work. Key additional tasks the unit will have to address include the formation of a strategy network within the NICS involving all departments, supported by the PIU.

In looking to the future the PIU has identified a number of areas where it can contribute. It wishes to develop communication between departments and the centre. Two specific aims have been identified by senior staff in this respect: the need for the PIU to maintain a corporate overview to help develop the cohesion of the civil service and the development of the NICS as a corporate body while feeding into departmental priorities; and the development of a model of information sharing and knowledge transfer to inform the work of operational staff and to encourage greater team working at that level within the NICS. There is also an identified need for civil servants to adopt a more strategic approach to their work. This is necessary both at the top of the service where departmental strategies and plans must reflect political priorities and at the lower level where mid-range civil servants must also adopt a strategic view. So strategic capability and strategic thinking are the current main focus of the unit. The PIU has looked at the strategic audit work carried out in Scotland and Whitehall and would like to undertake a similar exercise for Northern Ireland which would highlight the strategic thinking aspect of its role.

This model of operation is very similar to the PMSU in Whitehall which helps the government to maintain some degree of overall knowledge and insight into the work of the departments while also raising the profile of strategy and encouraging a more strategic approach to policy-making. Interestingly, PIU staff noted that the policy improvement programme had come under criticism in the past for adopting an overall academic approach which was equated with the Whitehall approach. The PIU is now looking towards a more pragmatic delivery-focused approach and has looked at developments in the Republic of

Ireland. Without the resources to become involved in a range of policy areas such as the PMSU or to oversee a major cross-cutting initiative such as sustainable development in Wales⁵⁹, the unit runs the risk of becoming marginalised. The PIU has recognised its limitations and plans to maintain its positioning by facilitating work on cross-cutting issues, possibly strategic futures, rather than leading such work. It also intends to produce short think-pieces to act as a challenge function although this is dependent on resource availability.

The ongoing development of the work of the PIU is hindered by the absence of devolution and the presence of a stalled lifecycle of government which restricts the unit in undertaking longer-term more strategic work. Senior staff report that while Ministers have been fairly supportive of the unit in general, they have had little involvement in its work over the last two years; another pointer towards the risk of marginalisation.

The lifecycle of the Northern Ireland direct rule government is now at the embedded stage and moving towards the establishment stage as devolution has been suspended for longer than predicted in 2002. As direct rule Ministers become bolder it is possible that co-ordination will change to steering as the policy agenda becomes more complex and disagreements more common. However the PIU is a creation of devolution and can best operate under devolved rule where divergence is acceptable and creativity may be more highly valued. Thus, its lifecycle has stagnated at a phase of institutionalisation and to some extent it is 'waiting' for devolution to re-invent itself to reach its full potential.

6.3 Staffing and resourcing

In looking at the resources available to the PIU it helps to contextualise by also examining the resource position of the EPU as a unit and to be aware of the choices made regarding staffing levels throughout the NICS as a whole. The critical environment surrounding NICS staff should also be noted. From the beginning some MLAs were critical of civil servants, as also highlighted in Scotland. In common with the other DAs, there was a lack of skills in the civil service which was not resourced for long-term strategic thinking. A number of initiatives were launched at the same time including a programme to develop expertise in policy-making and strategic thinking to make the best use of existing staff⁶⁰. Civil servant interviewees noted that many civil servants were unused to engaging with outsiders and preferred to work alone. However at the same time, the civil service had the opportunity to

⁵⁹ Although responsibility for sustainable development policy has recently been allocated to the OFMDM to highlight its importance <http://www.nio.gov.uk/media-detail.htm?newsID=13028>

play a more outward looking role than in other parts of the UK due to the requirements of Section 75 regarding consultation and the public profile of senior civil servants which filled a void normally occupied by politicians. Civil servants had to learn how to work with others and how to explain the development of policy to outsiders. To help overcome perceived weaknesses in the NICS, consultants were brought in with, it has been suggested by an senior ex-civil servant, mixed results.

When the EPU was established in 1999, it initially consisted of 4 people. By the 31 March 2002, numbers had expanded to 22 (OFMDFM, undated business plan 2002-05) and then to 27 (OFMDFM, undated business plan 2004-05). At September 2002, the Economic Policy and Public Service Directorate (EPPSD) had a staffing complement of 80 (NIA, 2002). This was part of a general increase in numbers in the NICS particularly in its earlier years. This increase did not go unchallenged. In August 2002, the Chairman of the committee monitoring the OFMDFM noted that the total staff of the department was now 424 compared to 190 in Downing Street and 205 in Dublin (McAdam, 2002). This was challenged by an explanation of the expanded functions of the OFMDFM compared to the others. In September 2002 the issue arose in a series of written Assembly question concerning the staffing numbers and functions of the department. In response the total number employed was given as 417 of whom 31 worked in private office. However others noted deficiencies in the numbers available. One official

‘spoke wistfully of the 70 full-time members of the Performance and Innovation Unit in Whitehall - only a handful work in the (oddly misnamed) Economic Policy Unit in OFMDFM’.

This official also noted that most of the staff in the admittedly large NICS were administrators not policy-makers (Wilson 2002a:6). By 2006 numbers within OFMDFM had fallen. In the 2005-06 business plan, the total staffing of the OFMDFM was given as 348 with 106 based in the new Resources, Regeneration & International Relations Directorate (successor of the EPPSD). An official noted that numbers had reduced and the levels of staff had also reduced over time.

Staffing in the PIU has ranged from about 5 permanent staff to about 9-10 staff at busier times including some staff seconded in from other departments according to civil service interviewees. The staffing of the PIU has varied little over time. In 2004-05 the resource budget of the PIU was £156,000 and the unit had three full-time and two part-time staff. The unit was headed by Colin Jack, a Grade 7. The budget of the unit for 2005-06 was £161,000

⁶⁰ According to a senior official

with staff resources of three full-time staff and two part-time support staff. Currently the staffing complement is six members of staff: a Grade 7, a deputy principal, a staff officer, two executive officers and an administration assistant. Staff were generally not brought in from the outside although occasionally outside help is used, for example using consultants on the fisheries project. The PIU is now looking at the possibility of bringing in people from the outside to assist with specific pieces of work both to increase resource but also to enhance the quality of output through using outside expertise. The current head of the PIU noted that, with the current staffing complement, there was scope for only a limited amount of project support. In addition, there are insufficient staff and insufficient expertise to adopt a highly interventionist or critical role. SAs did not play a major role in the work of the unit or in policy development work generally. A senior civil servant noted that SAs tended to be best at helping with political nuances but were not particularly helpful with policy suggestions compared with Whitehall SAs. This is not surprising as SAs tended to be appointed for their political connections rather than any policy or functional expertise. Another senior civil servant identified a useful role for the SAs of working together to try and sort out political problems.

Ministers played a seemingly insignificant role in the operations of the PIU although they may have had more involvement in the EPU as a whole. Officials, who worked on the drafting of the Programmes for Government reported a lack of Ministerial involvement in issues of policy substance. Hence the role of the officials was extremely important. On the suspension of devolution Ian Pearson took on responsibility for the EPU and the finance and personnel portfolios amongst others, a development which senior civil servants report is useful in terms of bringing together the strategic planning and budgeting. This has continued under David Hanson who was appointed in 2005.

In the context of the EPU the PIU represents a very minor part of its entire spend and resource so it appears to be rather unimportant in terms of the priorities of the EPU which, as the name implies, are directed towards economic strategy and inward investment in the economy.

6.4 The impact of the unit

Unlike the units previously explored in this thesis, the operations of the PIU, its targets and its achievements have been documented in a series of publicly available formal planning documents. Hence it is possible to trace the stated achievements of the unit from its earliest days. What is more difficult it to gauge the impact of its work on policy-making, or the development of strategic capability across the NICS.

From 2001 the OFMDFM produced departmental planning documentation. The first Corporate Plan was produced in 2001-02 followed by a more comprehensive document containing the 2002-05 OFMDFM Corporate Plan and 2002-03 Business Plan. This document identified a number of Service Delivery Agreement targets for the EPU. Many of which referred to the production of the Programme for Government, the production of PSAs, SDAs and budgets. Targets relating specifically to the PIU included:

- *‘the completion of 3 PIU studies between April 2002 and March 2003 (programme of studies to be agreed by July 2002);*
- *the establishment of policy-making bulletins by September 2002; and*
- *a programme of seminars to be instituted by October 2002.’*

Source: OFMDFM (undated) Business Plan 2002-03

The first of these three objectives found its way into the 2002-03 SDA but the other two appeared to disappear. In the SDA (undated) 2002-03 outturn report, as already stated, it was noted that 3 PIU studies had been completed in the required timeframe but no further detail was provided.

The 2003-04 SDA listed another set of performance targets relevant to the PIU. These targets and the outturn achievements recorded in the 2003-04 SDA outturn report are shown below in Table 24.

Table 24: Performance targets relevant to the PIU

Departmental Objective & PSA Targets	Spending Area & Actions	Performance Targets	Outturn
Target 1.7 - Guidance on improved policy development implementation and evaluation provided to Departments by June 2003	A26: To disseminate the policy-making guide and integrated impact assessment tool to the NI administration.	A26.1: Policy-making guide issued by 30 June 2003.	Achieved
		A26.2: Integrated impact assessment tool piloted by 30 September 2003.	Achieved
	A27: To promote good practice in policy-making across the NI administration, drawing on experience from Whitehall and elsewhere.	A27.1: Policy-making bulletins issued to all Departments every quarter throughout 2003/04.	Achieved
	A28: To undertake cross-cutting policy studies as required.	A27.2: Policy seminars for staff from all departments held every quarter/as necessary throughout 2003/04. A28.1: Secretariat service provided to the Inter Agency Taskforce for South Down facilitating a report by 31 July 2003.	Achieved

Source: OFMDFM (undated) SDA outturn report 2003-04

Note: The policy studies work effectively consisted of acting as the secretariat to a task force – a rather different interpretation of policy project work than that found in Whitehall but realistic given the resource constraints of the unit.

In 2004-05, SDAs were not produced but instead some overall targets for the EPU were as contained in the OFMDFM 2004-05 Business Plan and performance against these targets was monitored in the 2004-05 Business Plan outturn report. The result was:

- A8: To promote improved policy development across the administration.
- A8.1: Have a programme implemented to encourage a more strategic approach to policy-making including the establishment of a research database by end of June 2004 and quarterly policy bulletins and seminars.
- Ongoing publication of quarterly policy bulletins and seminars. The material for the research database has been updated and the creation of a web site to publish the material is anticipated for later in 2005.

More detailed targets were included in a new EPU Business Plan 2004-05 which contained the targets shown in Table 25. In addition this document indicated that one of the targets from 2003-04 relating to the piloting of Integrated Impact Assessments had, in fact, not been met in 2003-04 and would be carried over to 2004-05 although the OFMDFM 2003-04 Business Plan outturn report reported this target achieved (see A26.2 above). Again in 2005-06, the EPU produced a Business Plan allocating targets as shown in Table 26. In this document, it was reported that all targets from 2004-05 had been met apart from the piloting of Integrated Assessment tools, once again, although some preliminary evaluation work appears to have been undertaken.

As at May 2006, the EPU business plan for 2006-07 was not available, however extracts from the OFMDFM highlight the likely main target and actions for the PIU as shown in Table 27. These targets indicate that the unit itself is adopting a more strategic approach to its work and is focusing on the ideas of developing creativity and collective learning by building capacity throughout the NICS.

Table 25: Policy Innovation Unit targets for 2004-05

PIU team PSA Target – To work with Ministers, Departments and others to secure good government, excellence in policy and legislation making and high quality services responsive to customer needs.

OFMDFM Business plan action	OFMDFM Business Plan Targets	EPU Business Plan Targets/Actions
To promote improved policy development across the administration.	Implement programme to encourage a more strategic approach to policy-making including establishment of research database by end June 2004 and quarterly policy bulletins and seminars.	<p>PIU 1 -Make proposals to PSG Sub-Committee D by end June 2004 on further PIU contribution to more strategic policy-making across the NICS, and take forward resulting work programme.</p> <p>PIU 2 -Research database launched by end June 2004 and updated thereafter every 6 months.</p> <p>PIU 3 -Second improving policy development conference to be held by end June 2004.</p> <p>PIU 4 -Policy-making bulletins issued to all departments every quarter.</p> <p>PIU 5 -Policy seminars for staff from all departments held approximately every quarter.</p> <p>PIU 6 - Complete evaluation of pilot Integrated Impact Assessment tool by November 2004.</p> <p>PIU 7 -Complete stock-take of departmental policy-making audits by end October 2004.</p> <p>PIU 8 -Continue to develop and improve policylink website throughout year.</p> <p>PIU 9 -Participate as required in delivering seminars and training courses to follow up Practical Guide to Policy-making.</p> <p>PIU 10 -Complete participation in web content management pilot project within BDS/EIS timescale.</p> <p>PIU 11 -Provide support and advice across a range of policy areas, including contributing as required to work of inter-Departmental groups, including PSG Sub Committee D, tourism IDCG, Rural Proofing Steering Group, Urban/Rural Definitions Project Steering Group, Strategy Network, Excellence in Policy-Making Network.</p>

Source: EPU Business Plan 2004-05

Table 26: Policy Innovation Unit targets for 2005-06

PIU team PSA Target – To work with Ministers, Departments and others to secure good government, excellence in policy and legislation making and high quality services responsive to customer needs.

OFMDFM Business plan action	OFMDFM Business Plan Targets	EPU Business Plan Targets/Actions
To increase and improve the policy making capacity of the NICS.	<p>By June 2005 to undertake an analysis of Departmental policy-making and legislative capacity audits to establish a baseline of current capacity.</p> <p>By June 2005 to agree and initiate a comprehensive programme of work to improve policy-making capacity, address identified needs and encourage a more strategic approach to policy-making in the NICS.</p>	<p>PIU 1 To report on the results of Departmental policy-making and legislative capacity audits and produce a final report on the way forward by June 2005.</p> <p>PIU 2 To make proposals to PSG Sub-Committee D by June 2005 on further PIU contribution to more strategic policy-making in the NICS, and take forward resulting programme.</p> <p>PIU 3 Research database launched by summer 2005 and updated thereafter every 6 months.</p> <p>PIU 4 Policy-making bulletins compiled and issued to all departments every quarter</p>

Source: EPU Business Plan 2005-06

Table 27: Likely PIU targets for 2006-07

Planned Citizen Outcome	PSA Targets	Resources Regeneration and International Relations - Economic Policy Unit	Resource £ (see page 17) Capital – Total £
Quality Programme for Government promoting good governance through collective decision-making.	1. To work with Ministers, Departments and others to secure good government, well-informed decisions, excellence in policy and legislation making and high quality services responsive to customer needs.	Actions A12: To increase and improve the policy-making capacity of the NICS.	Performance Targets A12.1: By April 2006, to utilise the analysis of departmental audits of policy-making and legislative capacity to establish a baseline of policy-making capacity; inform the development of a comprehensive programme to improve the policy-making capacity; and address identified needs A12.2: By March 2007, to have completed initiation and implementation of all recommendations arising from the report on the Audit of Policy-making and Legislative Capacity of the NICS. A12.3: By August 2006, to have developed proposals to enhance the strategic capacity of the NICS.

Source: OFMDFM 2006-07 Business plan

In terms of public awareness of the unit, over time there have been a small number of mentions in the local press as shown in Table 28.

Table 28: Mentions of the economic policy unit in the main Belfast newspapers

Subject of article	Belfast Telegraph	Belfast Newsletter	Irish News
Responsibilities	2		
Structure	2	1	
Innovation	1		
Consultation on programme for government		1	
All Ireland unit	2		1
Personnel	2	2	2
PPP		2	
Health		1	
Funding	1	1	

Source: Lexus-Nexus (2002-2006)

Media coverage is obviously very dependent on the nature of the local media. It is interesting to see that coverage in Northern Ireland surpassed that of Wales despite the other high profile constitutional issues dominating the Northern Irish news. Not surprisingly, given the very public work of the NICS, most mentions relate to personnel, structures and responsibilities. Other measures of the impact of the unit can be seen in the advertising of the unit's policy workshops and the range of outputs available via the policy link website. These include:

- 2003 – the practical guide to policy-making in Northern Ireland published under the heading EPU;
- 2005 – Review of partnerships in Northern Ireland. Published under the heading of PIU; and
- 2004 onwards – Integrated impact assessment and its related documents.

Other items on the website include policy-making case studies and an A to Z of policy support resources.

Overall, the EPU and the PIU appears to be successful in achieving their stated aims however those aims are, arguably, rather limited compared to the initial aspirations expressed by Trimble on the establishment of the EPU.

Given the detailed business planning model adopted by the EPU and the PIU, their achievements in terms of their stated aims can readily be identified. However, the impact of the work of the PIU on policy-making, or the development of strategic capability across the NICS, is less obvious. In some ways this is a function of the political situation. Direct rule provided direction from London and stifled the need to adopt distinctive models of strategy or policy making. Hence within the NICS, unlike the SU in Whitehall or Scotland, the production of future work or development of strategic capacity was not pushed forward in the same way. Arguably the PIU has been very successful in terms of liaising outwith the NICS with other bodies that interact with government in explaining the policy process, an investment of time and effort that should have a direct positive impact on future policy-making under the re-instatement of devolution. Developing other measures of impact will need to wait for such re-instatement.

6.5 Relationships with the rest of the NICS and the other UK SUs

The head of the PIU attends the strategy network meetings in Whitehall, In common with Scotland and Wales there is a perception amongst senior staff that such meetings are primarily for the benefit of Whitehall departments, but it is also a way for the DAs to find out about the current Whitehall agenda. For this reason representatives from Northern Ireland now only attend if the agenda is relevant. The head of the EPU sits on the Strategy Forum and attends those meetings.

The PIU has some day-to-day contact with the PMSU depending on the topics under review. Officials commented that relationships between Scotland, Wales and Northern Ireland could be better developed. Staff from Scotland have visited Northern Ireland to talk about their strategic audit work. There has been little contact with Wales which is perceived by officials to be less vocal or independent than Scotland, although some interest has been expressed in their budget setting process. There has been little discussion of policy issues in common. Officials in Scotland, Wales and Northern Ireland all expressed a wish to work more closely and to share experiences in strategy development.

While the PIU started off by adopting a Whitehall model of operation, it now looks to the other DAs and the Republic of Ireland with a view to adopting a more pragmatic approach, following criticism for adopting an overly academic approach according to civil servants interviewed. This change in approach is not yet apparent from any of the publications or

rhetoric of the department. Interestingly, this issue was also mentioned by civil servants in Scotland regarding the earlier days of the PU. Neither the PMSU nor the SPU reported such an issue.

6.6 *The trajectory of the lifecycle*

The political situation in Northern Ireland leads to a situation whereby all interviewees were in agreement that the civil service has a somewhat different role to that of the civil service in Whitehall, Scotland or Wales. A number of interviewees noted that NI civil servants have a more political role and that they offered consistency within a changing political system where devolution Ministers were primarily interested in constitutional issues and the personalities of the Ministers were the defining factor for working together. According to a senior ex-official the civil service had a great deal of power through this continuity but it could also lead to frustration as key decisions are not made due to political impasse. The same senior ex-official noted that political games were commonplace. This provides a very different context for the operation of a government and organisational lifecycle to the other three units analysed so far. In the UK, Scotland and Wales, the initial reaction of New Labour politicians was to distrust the civil service and to emphasise the lack of policy-making capacity available. In Northern Ireland this view never achieved the same salience as politicians engaged in constitutional and tit-for-tat equality issues while civil servants continued to keep the government machine in action using outside help if required.

The initial development of the NI Assembly aimed at creating central units to promote joined-up working⁶¹. An senior ex-civil servant commented that centralisation is the only way to deal with ‘*wicked issues*’ and to control a system established around departments with silo mentalities where staff and Ministers have no incentive to work together. This opinion is reflected in the initial establishment of the OFMDFM to act as a co-ordinating or controlling centre depending on the personality and leadership style of the relevant Ministers. The EPU was conceived as the source of CPSC within this office and the PIU as the strategic arm of the EPU.

⁶¹ One example of fragmentation however is that of responsibility for economic policy which is split between the EPG and the Departments of Enterprise, Trade and Investment and Finance and Personnel.

Table 29: Progression of the lifecycle pre-suspension

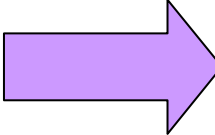
	Elevation	The NIA quickly moved from an aim of centralisation to one of co-ordination. The PIU also moved swiftly to a new phase of its lifecycle more concerned with developing creativity 	Embedded
Government aim	Centralisation for control		Co-ordination of complexity
Lifecycle of the SU	Creation		Restructure
Objective of the strategic unit	Reducing uncertainty		Developing creativity
Change mechanisms adopted	Instrumental Related developments preferred Agency dominates		Dynamic Revolutionary Structures dominate
Timing			By 2001

Table 29 above summarises the progression of the lifecycle in the early days of the NIA pre-suspension. To begin with the aims of the Assembly appeared to be based around co-ordination and management of strategic development rather than centralisation. This was perhaps inevitable given the wide range of interest and animosities present from the beginning. An overtly centralising FM was unlikely to achieve much success. At the same time, a managerial or technocratic approach to strategy development appeared to be the most fruitful approach to engaging the range of ideologies present in the Assembly. Primarily due to the set up arrangements of the Assembly and the NICS from the beginning structures rather than agency dominated proceedings. Unlike the other polities reviewed there was not one dominant leader. So at this early stage, it appeared that the government skipped a phase of centralisation and instead focused on co-ordination. As one of the main characteristics of centralisation is that of shared values and agreement amongst leaders, it is not surprising that this phase had to be by-passed, although by doing so arguably the government missed out on achieving some early shared successes that could help overcome problems in the future.

The EPU and the PIU started off by focusing on reducing uncertainty regarding the working environment, related decisions and guiding values thus helping to provide more information, more co-ordination and clearer objectives. They quickly appeared to move into the second phase of the lifecycle, that of developing creativity, through the development of policy-making guidance to support the rest of the NICS in developing its capacity. Unfortunately, despite a promising beginning, the NIA soon became bogged down in constitutional matters

and the ambition in strategy development was subdued. However the PIU retained a focus on developing creativity through the creation of impact assessment tools and the maintenance of a policy website. By the beginning of suspension they could be seen as moving towards a collective learning objective.

Under direct rule, initially a lack of willingness to institute major changes and a sense of being in temporary control led to a centralising government monitoring the status quo. Arguably this resulted to a return to the initial elevation stage of the government lifecycle with central control and agreement amongst leaders as the dominant indicators. Eventually direct rule Ministers started to adopt a more strategic approach and by 2006, they accepted that a number of key controversial reforms were required including the reform of water and rates, along with addressing the outcomes of the Review of Public Administration. While direct rule Ministers can adopt a more directive and hands off approach to implementing such unpopular policies, MLAs have to 'sell' these policies to the public. Therefore this could place direct rule Ministers in a somewhat controversial position whereby revolutionary change will lead to tensions and to a breakdown of central control if there are enough objectors. The PIU at this point had reached a position somewhere around the institutionalise phase and was building on activities to enhance collective learning. The government itself is stuck at the embedded stage of its lifecycle and is likely to remain stalled until the future constitutional position of Northern Ireland is resolved after November 2006. As noted by a senior official, if the PIU is to support a new government in its objectives, it may need to move to reinvent itself and commence its lifecycle again alongside a new government lifecycle.

Table 30: Positioning of the NI CPSC within the lifecycle under direct rule

	Elevation	Embedded		Establishment	Enfeeblement
Government aim	Centralisation for control	Co-ordination of complexity	<p>The government of NI is stuck at the embedded stage</p> <p>While the PIU has moved to the institutionalise stage</p>	Steering to fight hollowing-out	Centralisation for control
Lifecycle of the PIU	Creation	Restructure		Institutionalise	Reinvent
Objective of the PIU	Reducing uncertainty	Developing creativity		Collective learning	Fire-fighting
Change mechanisms adopted	Instrumental Related developments preferred Agency dominates	Dynamic Revolutionary Structures dominate		Incremental Related developments preferred Culture dominates	Revolutionary Divestment
Timing			By 2006		

Views on the link between political leadership and the future development of the civil service vary. A senior civil servant noted the need for political leadership to enable risks to be taken given that civil servants felt unable to lead. However another senior civil servant involved with pre devolution central initiatives⁶² offered the opinion that the success or failure of these co-ordinating structures was due to the civil servants. If direct rule remains in place for much longer, the role of the civil servant might become clearer. Under direct rule Ministers may want to keep their New Labour political masters happy rather than focusing on what is needed for Northern Ireland, therefore Northern Ireland will be governed under New Labour strictures. However direct rule also enabled the adoption of a more consistent corporate approach across the NICS so in terms of strategic government direct rule has some advantages.

Looking to the future and the challenges facing the EPU and the PIU, the context in terms of a return to devolution or the continuation of direct rule is key. In general terms, a devolved NIA will require CPSC to build a distinctive strategy for the province and to act as a force for cohesion amongst different political views. It remains to be seen whether second time

⁶² Including the community relations project and the public service unit.

around, the EPU and the PIU could progress a more creative agenda based on Northern Irish values, in line with the Welsh, or whether constitutional bickering and suspicion will still hold back strategic development. Following on from the more recent experience of direct rule with direct rule Ministers prepared to adopt more radical agendas, it is possible that the PIU will instead help direct rule Ministers to implement strategic change based on a Whitehall model but will have less opportunity to develop a distinctive Northern Ireland agenda. In terms of the four challenges identified in the previous chapters, the EPU and the PIU are well placed to respond to these challenges. Both units appear to be well connected with the rest of the NICS. Perhaps more than any of the other units covered by this research, the work produced by the EPU and the PIU is grounded in political and delivery realities as through experience, the NICS is sensitised to the need to pay attention to realities. To date the EPU and the PIU in particular have avoided becoming bureaucratised, primarily because they have undertaken a variety of roles and to some degree have existed in a state of some uncertainty arising from the constitutional difficulties. Interviewees have described feeling as if they are just '*waiting to start*'. The biggest risk to either of these units is that they could be abolished by a FM who had little use for centralised advice, although under a reinstatement of devolution there would be a need for some central resource to help shape a programme for government cutting across differing political views. Under the maintenance of direct rule, the role of the units might differ but could also develop in the direction of the SU in Scotland or the PMSU in Whitehall to follow a London driven New Labour agenda.

7 Overall conclusions

7.1 Background

In Chapter 1 the main aim of this research was defined as:

‘to develop an explanatory model for the creation, operation, impact and transformation of CPSC in the UK as a resource for the PM/FM post devolution and to explain the differences or similarities of approach found across the UK.’

This overall task was sub-divided into four objectives.

1. To identify the factors underlying the creation, changing operations and success of CPSC within a dynamic political and organisational environment.
2. To gain a greater understanding of how these factors operate to produce organisational and cultural change in CPSC.
3. To compare developments in the constituent parts of the UK.
4. To ask how CPSC evolves in order to continue to support the government as it evolves.

Alongside these objectives, a series of hypotheses were suggested in Chapter 2 to help explain the evolving structures and processes of CPSC within the four cases reviewed.

- CPSC will be created within our current system of government if required by PMs and FMs as the elite power mechanism will override other considerations.
- Devolution offers the potential for divergence in CPSC but this will come about through the political complexion of the administration and the positioning of the leader rather than through constitutional capacity.
- The nature of CPSC will ultimately be governed by lifecycles and the resources, capacity, structures and approaches required to retain successful CPSC will vary depending on the stage of the lifecycle.
- CPSC must continually change to survive, otherwise it will be subject to civil service ‘capture’, losing its uniqueness and *raison d’être*.

To shape the research agenda a series of research questions were developed in Chapter 2 drawing on a historical review of CPSC and a theoretical review of relevant political science, policy, organisational and management literature. These questions were used to shape the analysis and to gather the data necessary to test the hypotheses. The research questions raised were as follows:

1. Why have administrations in all parts of the UK opted to establish CPSCUs: amongst other factors is the role of leadership dominant?
2. What are the functions of CPSCUs?
3. What arrangements have each of the administrations under review put in place for CPSC?
4. How does CPSC operate compared to other parts of government?
5. How can CPSCUs survive?

7.2 Structure of the chapter

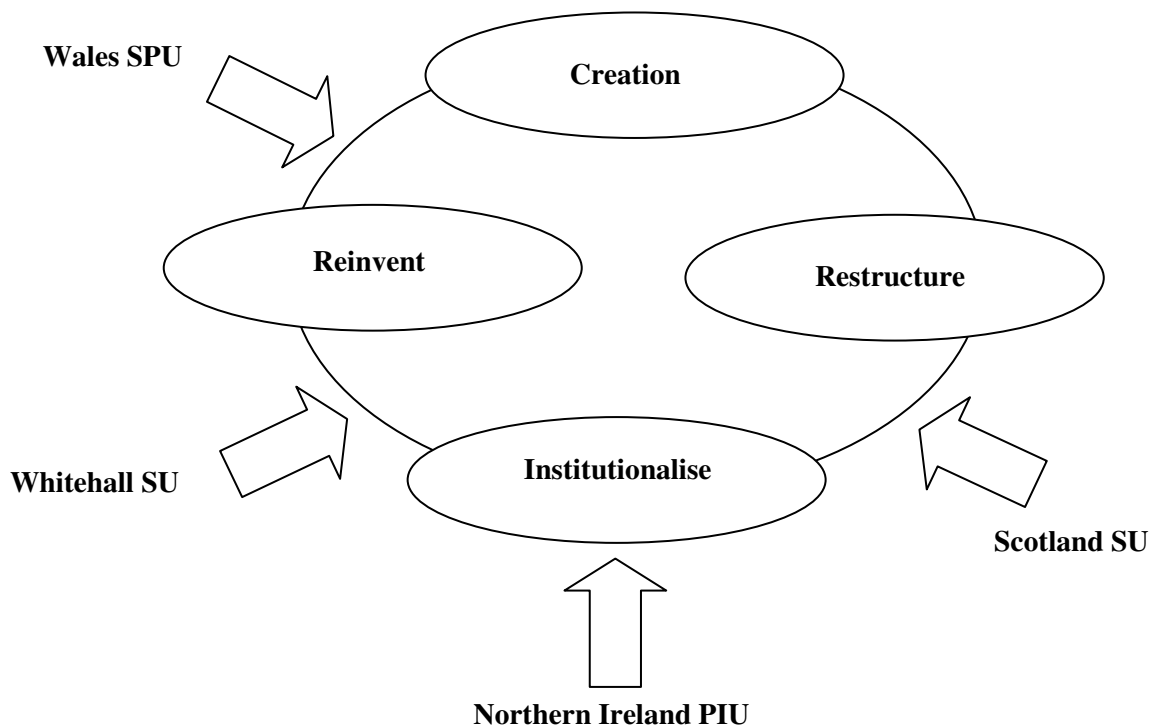
The overall results and conclusions of this research are presented in this final chapter. It starts by summarising the lifecycle of CPSC for each of the four cases studied and commenting on the current position of each central unit within the lifecycle. This section also contains some comments on the usefulness of lifecycle analysis for framing the development of government organisations. The next section of the chapter takes the research questions reproduced above and responds to these one by one highlighting convergence and divergence between the four cases studied. Next the chapter looks at the hypotheses posed above and the extent to which the evidence collected supports the hypotheses. The final sections of this chapter are concerned with looking to the future by considering likely political developments in 2007 and beyond and their impact on strategy development and CPSC and also considering the future of strategy itself as a government tool. The potential for further research in this area, an area that is attracting more attention from academics, practitioners and politicians alike, is then considered and suggested future projects outlined.

7.3 The lifecycle of CPSC

7.3.1 Introduction

By addressing the research questions it was possible to compare and contrast elements of the activities of the CPSCUs in each of the four administrations under review. In each case, despite differences in political, administrative, constitutional and resource contexts, the evolution of the CPSCU follows a lifecycle, akin to those found in organisations, that tracks the lifecycle of the government it supports. This section of the concluding chapter looks at the different phases of the CPSCU lifecycle and the phase reached by each of the CPSCUs in 2006 as shown in Figure 3.

Figure 3: The current position of CPSC



7.3.2 The Creation phase

The development of CPSC within the asymmetrically devolved polity that is the UK is an ongoing project. It started post election in 1997 in Westminster (although already outlined in New Labour's pre-election planning) and pre-devolution in Scotland and Wales as both geared up for the transfer of powers in 1999. In Northern Ireland, the structures of the new NICS were partially set in place by the Belfast Agreement. In 1997 in Westminster, the Blair government had within its ranks few politicians with experience of government and they faced a Whitehall civil service acclimatised to eighteen years of conservatism. Given this context it is not surprising that government ambitions took some time to be formulated into realistic goals and politicians required time to learn how the machinery of Whitehall worked and to become comfortable with that machinery. The situation was not just replicated but the problems magnified in Scotland and Wales where the vast majority of elected members in both the Scottish Parliament and the Welsh Assembly had limited or no experience of Parliamentary or Assembly workings. In Northern Ireland, the situation was compounded by the antagonism of the main political parties and the restrictive covenants of the Belfast Agreement which left little flexibility regarding the operations of the Northern Ireland

Assembly or the NICS. In Scotland, Wales and Northern Ireland the starting point for CPSC in 1999 was further complicated by the perceived weakness of the civil service and its lack of policy-making skills resulting from many years of administering Westminster policy. Hence, post election and post devolution throughout the UK, politicians, SAs and civil servants were all engaged in trying to find ways of working in harmony that overcame negative perceptions and distrust. This did not offer the ideal situation within which to start a period in government with a strategic, systematic approach to government.

This formed the basis of the elevation stage of the government lifecycle. This is the phase within which the government adopts a centralising approach to maintain control. This can be clearly seen in the case of the UK government and Blair's well documented desire to control from the centre. The PIU assisted the PM in the matter of reducing uncertainty by providing information and recommendations regarding specific issues that the PM wished to be reviewed. The work of the PIU followed a distinct format in its early days with a strong emphasis on evidence-based policy and the need to establish a legitimate reason for government intervention. Any developments were related and instrumental in line with a 'what works' agenda.

In the case of Scotland, Dewar's creation of the MGSSU and subsequently the PU in this elevation phase post devolution started the CPSC lifecycle. The PU had a wide range of responsibilities generally focused around reducing uncertainty. The role of the unit was to centralise analytical and political capacity for Dewar in a small central unit while the work of the unit was dominated by the needs of Dewar and his advisers. The death of Dewar and his replacement by McLeish provided little progress. The change of leader resulted in a stalled lifecycle remaining at the creation stage. The new FM drew on the existing structures in place and tried to reinvigorate these structures by refocusing the PU on supporting the production of long-term strategy; a sign of the unit moving towards developing creativity but it did not evolve far. While McLeish's time in office was ultimately characterised by disagreements, tensions and a lack of support, the PU and the government as a whole did not move beyond identifying the problems to be solved. Policy development at this stage appeared rather random and co-ordination problematic, but restructuring and revolutionary change in processes to help overcome these problems did not proceed far.

In Wales, in the early stages of devolution, the role of the SPU was to avoid fragmentation. Under Michael, a centralising approach to government was adopted to suit his style of technocratic management. The SPU looked at reducing uncertainty through a range of policy projects as well as supporting more day-to-day political requirements.

In Northern Ireland, centralisation and co-ordination were also issues of concern for the first administration. The EPU was tasked with a primarily co-ordinating role although the politics of the OFMDFM in effect led that office to try to exercise centralised control, albeit for a rather short period and with limited success. The PIU was established with a similar remit to the Whitehall PIU and reducing uncertainty was its initial aim through undertaking specific policy projects.

In all four polities CPSC was established through the creation of central units reporting to the PM/FM based at the centre of the core executive. As predicted by the lifecycle model, the work of the units at this stage was focused around producing information to support policy and was highly influenced by the agency of the PM or FM. This influence is also evident in the way that the units gradually took on tasks in an instrumental fashion as suited the PM/FM. There is little evidence of the units sharing with each other or learning from each other to any great extent in this early stage, so the fact that all four polities adopted the same mechanism could be due to the impact of party politics or to the PM or FMs sharing a modern myth about the nature of government, how to govern and the resources required by the leader.

7.3.3 The Restructure phase

In this second phase the initial flush of success post elevation fades and the accompanying goodwill disappears. In business terms this is the phase when organisations fail if they cannot adjust to a new and more complex set of operating conditions. Typically in this phase tensions and disagreements come to the fore. While in the elevation phase of government, unity and a show of cohesion are vital, in the embedded phase others may speak out and opposition to the leader may become more apparent. This decreases the ability of the leader to exercise central control and increases the need for co-ordination instead. Also at this stage the first signs of failure may become apparent in terms of policy development or implementation. Change in structures and operations may be necessary to react to these developments but agency loses some of its potency as structures start to reassert themselves. This is the phase when central units must change to help the government deal with the new challenges arising if they are to remain relevant. However regardless of the pace of the onwards progression of the government, central units will inevitably reach the second phase of restructuring as a response to the increasing incoherence caused by the instrumental approach to change adopted in the creation phase. At this point, the unit is likely to be responsible for a range of linked but separate activities and some reorganisation is required to properly carry out all the activities required. This is also the stage when the work of the

CPSC moves beyond reducing uncertainty and starts instead to look at developing creativity as a response to policy failure and relationship tensions, both to find new ideas and to draw in a wider group of stakeholders to the policy network.

In Whitehall, this phase was reached near the end of the first period in office. Tensions between Blair and other key Ministers were rising and he was becoming increasingly frustrated with the failure of the government to reform the public sector. To assist in managing this position, the FSU was established to develop creativity in terms of looking at the big policy areas of education, health and transport and to provide a resource specifically for Blair to provide advice independent of other government departments. This resulted in the restructuring of CPSC and changes to the operations of the PIU which retained responsibility for projects that assisted in reducing uncertainty. Notably the changes taking place at this stage were quite revolutionary in terms of the FSU but, at the same time, were influenced by the existing structures in place.

When McConnell took on the role of First Minister, he shifted the PU from the creation to the restructuring stage after the 2003 election. At this point he reorganised the PU turning it into the SU and DU and removing the SAs. The SU started to look again at strategy work but through the mechanism of the strategic audit. This provides an example of developing creativity but also the beginnings of collective learning. Such changes were revolutionary in terms of the operations of the SE.

In Wales the move towards the restructuring phase was early on in the lifecycle of the administration as Michael struggled from the beginning to establish a unified administration. Once Morgan took over as First Minister, the emphasis of the government shifted to co-ordination and moved away from ideas of centralisation. The SPU had a brief period of what could be called developing creativity and was then subject to restructuring to better match Morgan's aims around developing creativity and perhaps more prominently, collective learning through involvement in the rather day-to-day concerns of the administration. Thus the lifecycle of the administration and that of the SPU fell out of line during Morgan's second period in office.

Finally in Northern Ireland, the suspension of devolution meant that the government lifecycle of the devolved administration stalled alongside the lifecycle of the EPU and more particularly the PIU. As direct rule was established the government lifecycle gradually moved from the elevation to the embedded phase, while the PIU underwent a phase of restructuring in terms of its objectives and focus, highlighting the role of developing creativity. The trajectory of the PIU could be seen to have more impetus at this stage than

that of the direct rule government itself which initially adopted a cautious approach. It is only in the later stages of direct rule by 2005/06 that some revolutionary change began to be seen in government.

This phase of the lifecycle is crucial for the success or otherwise of CPSC. It is the phase when tensions arise within the government and when change is necessary. In Whitehall and Scotland CPSC evolved alongside the lifecycle of the government and were more successful in adapting to respond to the needs of the changing administrations, although in Scotland the changing FMs delayed the progression of the SU through the lifecycle, thus recycling through the restructuring phase.

In Wales and Northern Ireland, political and leadership factors influenced the development through the lifecycle, although in Northern Ireland if devolved rule had remained it is likely that the PIU would have resembled the development of Whitehall more closely. In both cases CPSC moved through this stage rather quickly, irrespective of the pace of change in government.

7.3.4 The Institutionalise phase

This phase could be seen as the tipping point between a government reaching its most successful phase and one starting to experience problems. It is characterised by an increasing failure in co-ordination and a retrenchment to steering. As the same time, the CPSC at this stage will have settled into an institutionalised phase whereby it is part of the establishment, has created its own culture and may find it difficult to change. The government may use more hands-off tools to support steering - collective learning and strategy development are two such tools - but culture is likely to be a dominant feature at this phase as agency loses its potency and structures are subject to stagnation dependent on the presence of a generally accepted cultural mindset.

This is the position reached by the Whitehall government by 2004. A realisation that centralisation or even co-ordination did not provide the policy results required led to a decentralisation of strategy development and a change of emphasis for the PMSU which became more involved in developing strategic capacity and collective learning through hosting regular strategy meetings. Change at this stage was driven by incremental steps while the PMSU settled into a supporting role.

In Scotland, the government is currently moving from the embedded phase to that of establishment. However, as yet, problems of steering have not been clearly articulated and the development of collective learning and strategy development is still in its earlier days.

There is a danger that CPSC becomes somewhat institutionalised following the production of the strategic audit but there is also the potential to move towards collective learning through helping departments to use the audit work.

The position in Wales is one of a government moving slowly away from the embedded phase while the SPU has moved through the phases of restructure and institutionalise, developing creativity and collective learning as it assists departments with the implementation of their sustainability and spatial plans. The SPU in 2006 moved from the institutionalise stage to that of reinvention.

By 2005, the direct rule government in Northern Ireland was approaching the establishment phase with co-ordination difficulties and the impact of a Labour cultural approach to change dominating the picture. The PIU in the meantime has taken on the role of collective learning involving organisations within and outwith the government as a mechanism to assist with steering. The EPU and the PIU became stuck in their roles and somewhat institutionalised as their relevance was diminished by the absence of devolution reducing the requirement for a separate resource for the FM.

This phase of the CPSC lifecycle is equivalent to the maturity stage often experienced in the business world. The units have found a way of operation that appear to be successful and are fast becoming part of the accepted government machinery. This links the units to the rest of government but risks losing the capacity to offer a unique independent approach. Cultural paradigms around how to do strategy are becoming accepted by the government at this point and radical change is unlikely. This leads to the danger of becoming narrowly focused, neglecting changing exogenous and endogenous factors that are changing the nature of the response required from CPSC.

7.3.5 The Reinvention phase

The final phase is one of reinvention whereby the CPSCU must reinvent itself significantly or fail. Resulting failure in this context means that preceding structures, processes or ideas are no longer appropriate and must be changed radically. CPSC operating as a support in tandem with the overall government lifecycle risks undertaking an element of fire-fighting as the government tries to develop new ideas within a short timeframe. Typically a government at the enfeeblement stage may revert to centralisation to reassert control in order to introduce radical change. CPSC itself will need to reinvent itself to face revolutionary changes.

Whitehall is arguably passing from establishment to enfeeblement in 2006. The government appears to be strengthening elements of central control through the use of strategy and

strategic audit and the new working model of the PMSU, which is working on a wide range of policy areas in partnership with individual departments while heading recent approaches to the reduction of social exclusion. The PMSU is still engaged in collective learning but is also getting more involved in ongoing policy work. This heightens the risk of becoming involved in fire-fighting through producing work that is more closely related to short-term political imperatives.

Scotland has yet to reach this phase but the 2007 election may hasten its approach. The approach of an election tends to stifle internal developments and may focus CPSC attention on short-term political aims.

In Wales the lifecycle of the government and that of the SPU are at this stage somewhat out of synchronisation. The SPU had reached the end of its existence in its previous format and has been reinvented to meet a new set of needs for the government. These needs are stuck in the phase of the government lifecycle around establishment. The government has found a 'successful' way of operating and is unlikely to change but its SPU as originally conceived became too institutionalised, too much part of the routine government machinery and found a new role supporting strategy delivery. By reinventing the SPU to support delivery of various strategies, the government has reduced its own capacity for creative thinking within government and will need to look elsewhere or to revisit central structures to meet this need.

Finally in Northern Ireland, the government has yet to reach this final phase but the restoration of devolution could very quickly lead to reinvention at the centre and a new round of the lifecycle or alternately could lead to very little change if constitutional politics again dominated rather than issues of strategy or structures.

7.3.6 Conclusion

CPSC in all four polities appeared to follow the lifecycle set out by the model devised in Chapter 2 moving through an organisational lifecycle closely aligned with the government's own lifecycle. The aims of the units and the change mechanisms adopted were as expected for each stage of the lifecycle. This highlights a key issue for governments. Creating units, departments or structures to undertake strategic policy and delivery work should not be a one-off exercise. In response to its environment, both internal and external, organisations change and changes in structures, objectives and processes may be needed. Hence such units, departments or structures behave in a way akin to business organisations and less as static bureaucracies. To understand the lifespan of such units and to assess their prospects of success, it is necessary to understand the concept of different stages of development, each involving its own particular strategic choices and change mechanisms.

7.4 Responding to the research questions

7.4.1 Introduction

This section of the chapter addresses the research questions one-by-one, bringing together analysis across all four cases.

7.4.2 Why have administrations in all parts of the UK opted to establish CPSCUs: amongst other factors is the role of leadership dominant?

The initial impetus for the establishment of central strategy units in all cases arose from the recognised need for policy analysis capacity at the centre to support the PM or FM. In the case of Whitehall this formed part of the resource required to initiate a command and control approach to government based on a strong centre and a powerful PM. As noted by Blair

‘if you go back in politics I think PMs fit into two categories: those that are supposed to have a strong centre are accused of being dictatorial; and those that do not are accused of being weak... I make no apology for having a strong centre....’

Fawcett and Gay (2005:10)

CPSC was also needed to underpin the evidence-based policy paradigm that replaced overt traditional ideology in the earlier days of New Labour. In Scotland, the position was somewhat different. The role of the PU was initially one of providing strategic advice to the FM and the Cabinet. This was primarily to fill a perceived gap in strategic capacity within the Scottish civil service and to help inexperienced politicians develop their agenda. Issues of fragmentation and co-ordination were not emphasised to the same degree in Scotland, although some work was undertaken on ways of working for the new SE. The evidence-based paradigm was adopted by Scottish Labour but was not promoted to the same extent as in Whitehall. The main concern in Scotland was to ensure the successful establishment of devolution and the role of the PU and the subsequent SU was to bring together political advisers and civil servants to provide politicians with sound advice to help promote the credibility of the SE. In Wales, the SPU was established to overcome fragmentation and to focus on co-ordination between different parts of the WAG and between politicians and civil servants. The emphasis on co-ordination rather than strategy development is noticeable, perhaps positioning the unit from the beginning in a somewhat different role to the PIU in Whitehall and the SU in Scotland, although in practice the SPU was involved in developing the initial policy agenda given the lack of policy-making capability in the wider Welsh civil service. In both Scotland and Wales, CPSC played a vital role in the earlier days in particular in helping to bring together coalition partners and to merge disparate manifestoes to form a

set of policies for the coalition governments. In Whitehall this role was not formally required and the PIU and PMSU were able to remain slightly more distanced from day-to-day politics. Finally in Northern Ireland, the initial establishment of the EPU was geared towards the economic development of the province and had a somewhat different role to play. While it was intended to help overcome the lack of experience and capacity in the rest of the NICS, its main role was around co-ordination and the management of policy. The PIU was created in the image of the Whitehall PIU and had similar aims regarding cross-cutting policy.

Hence the initial intentions behind the establishment of CPSC were subtly different in each administration. In Whitehall central control and the enhancement of the resources available to the PM to bolster his power were the dominant aims. The agenda of the PIU and then the FSU was in the hands of the Prime Minister. These units gave the PM a source of information and advice independent of departmental biases. In addition, these units supported the concept of evidence-based policy which arguably provided New Labour policy with the legitimacy it lacked through its perceived ideological vacuum⁶³. In Scotland, creating policy capacity and bolstering the legitimacy of the newly devolved SE through identifying policy problems and examining ways of working were the initial drivers for the establishment of the MGSSU and then the PU. The unit was tasked with ‘thinking’ for the government. In Wales, the SPU was seen as a co-ordinating mechanism to overcome the potential for fragmentation caused by the mismatch of Ministers and departments. Interestingly the PU in Scotland did not appear to be initially tasked with this aim despite a similar arrangement of Ministers and departments in the SE. Finally in Northern Ireland, the EPU was also established to act as a co-ordinating mechanism while the NI PIU was established to mimic the Whitehall PIU in terms of undertaking specific projects and looking for innovative solutions.

In all four cases the influence of the PM and the FMs in the establishment of the units can be clearly identified. Political leadership was key in establishing these new units and ensuring that they survived through the initial creation phase despite the suspicion of the rest of the civil service. Differing constitutional arrangements had no impact on the structures put in place or the initial aims and objectives of the units. What is most interesting is the wide range of roles and objectives such units are expected to encompass.

⁶³ Despite Giddens and the Third Way rhetoric, it is debatable that the Blair government ever managed to convince the electorate of the presence of a coherent ideology underpinning policy proposals.

7.4.3 What are the functions of CPSCUs?

In terms of overall aims and objectives, all the units have adopted similar statements of intent although these have tended to vary over time. All units had, as part of their initial remit, responsibility for analysing key policy concerns and providing recommendations to government. As they developed there have been some changes. In London the PMSU retains its policy project role, albeit in a much reduced sense, but has taken on key roles of strategic audit and developing strategic capability throughout government. At the same time it appears to have given up its desire to carry out uncommissioned, provocative think-pieces. In Scotland the focus of the SU has changed. Its key task now is the leadership of futures work which is geared towards identifying the challenges facing the SE in the longer-term. It also assists other departments with their policy development work and attempts to spread good practice in policy development although, as yet, it does not provide prescriptive guidance. In Wales, the SPU's responsibilities have moved away from specific policy projects and instead it has become responsible for spreading good practice, supporting Cabinet committees and addressing a number of operational areas. Both Wales and Scotland, along with Northern Ireland, have also developed responsibility for the production of overall government strategies, programmes and annual reports on progress. In Northern Ireland, this forms the main focus of the EPU although the PIU places emphasis on policy learning. A final similarity between the devolved administration CPSCUs is their role in questioning and challenging other departments, nicely described by officials in Wales as an ability to 'duff up' the other departments over strategic planning.

No doubt the resources of the units partially governs their choice of objectives and would lead us to expect different trajectories of development. If resources are tight, units are unlikely to get involved in a myriad of policy projects. However while the disparity in capacity between Whitehall and the other polities is striking, all of the units have significantly reduced their focus on stand-alone policy projects. Hence resourcing itself does not seem to have a particularly strong bearing on the choice of objectives. The varying objectives are consistent throughout in terms of the units adopting the role of promoting and facilitating strategic thinking throughout government. This change may indicate a move away from the original centralising impact of their creation. No longer are they to be the source of strategic thinking, instead individual departments are expected to adopt a more strategic approach. This is in line with the 2006 phase of Labour thinking where devolution and decentralisation is coupled with facilitation and capacity building. It also reflects the desire of the Welsh FM to increase the importance of the departments. In Scotland the picture is not as clear as the apparent decrease in the responsibilities of the SU has, to some

extent, been picked up by newly created units such as the Scottish PIU. Moving the responsibility for strategic thinking more directly to departments also links with the civil service reform agenda and the requirement for senior civil servants to develop new competencies including the ability to act strategically.

The impact of a small central unit can be difficult to ascertain. A move towards greater decentralisation of strategy development could lead to greater opportunity for policy divergence, although the new role of spreading good practice, facilitating policy development and offering a 'challenge' to departments may point in the opposite direction. All units spoke of adopting an evidence-based approach using the guidance produced by the SU and visits between units have helped to consolidate this approach, thus reducing the likelihood of each administration developing their own approach to policy-making. While evidence-based policy-making is the new 'ideology' of Labour, it is likely to constrain the different polities within a broad Labour paradigm both in terms of what policy issues are addressed and how they are dealt with.

7.4.4 What arrangements have each of the administrations under review put in place for CPSC?

A degree of commonality can be seen in the arrangements put in place for CPSC regardless of the structures in place within the rest of the government. In all four administrations a small central unit was established to fulfil the purpose of a strategy unit. In each case this unit reported to the PM or FM albeit through a variety of intermediaries. All of the units have remained quite small in size although not surprisingly the PMSU is larger than the other three.

In placing the PIU and then the PMSU within the Cabinet Office, the PM initially created a unit that could be interpreted as having a wider set of stakeholders in terms of the Cabinet as a whole rather than the PM, although the PM has remained very much in charge of the unit's agenda. A more likely explanation was that the PM did not wish to be accused of creating an inflated centre of government in No.10 Downing Street. However developments in the Cabinet Office since then have shifted the focus of the Cabinet Office itself to be more geared towards serving the PM as a corporate headquarters serving a Chief Executive. This leaves the link between the Cabinet Office and No.10 Downing Street still potentially a source of tension in terms of strategy and policy development. In the public eye, placing the unit in the Cabinet Office did not distance it from the PM as the unit is often referred to as the 'No.10 Strategy Unit' in various of the media. From the beginning the Delivery Unit in Whitehall was separately organised and managed although the SU was expected to take

account of delivery and to produce policy recommendations that were practicable⁶⁴. In Scotland the eventual siting of the SU in the OPS placed it at the centre of government with close links to the FM. Unlike Whitehall, the FM's office forms part of the OPS hence some of the co-ordination issues at the centre of Whitehall do not exist in Scotland. The initial combination of strategy and delivery within the PU and then the SDUs was planned to ensure that strategy did not become isolated from practical policy delivery, although recently these functions have been separated as it was considered that each had a different role to play. The current structures in Scotland are now akin to those in Whitehall in terms of strategy and delivery but are much simplified by the 'merging' of the equivalent of No.10 Downing Street and the Cabinet Office. The EPU and the PIU in Northern Ireland have been at the heart of the administration in the OFMDFM from the beginning. The creation of the OFMDFM is a political creation set out in the Belfast Agreement. It most closely resembles the OPS in Scotland although it covers a wider range of functions and potentially has more of an oversight role. While the PIU was established to be similar to the Whitehall PIU, the EPU could be seen to have moved into that role. Delivery has not been separated in the same way as for Whitehall and Scotland. Instead delivery forms part of the work of teams responsible for improving public services and making government work. The PIU supports this work. Finally in Wales, some similarities to Northern Ireland can be seen as the SPU also helps to support the work of policy delivery which is spread throughout the WAG. The SPU has not been placed in the First Minister's Office, much like Whitehall where the PMSU is not in No.10 Downing Street but was instead, until recently, in the Strategy and Communications Directorate. The SPU has dealt with issues of strategy and delivery in common with Northern Ireland.

Not surprisingly resources allocated to CPSC differ across the administrations. However while Whitehall has the largest staffing complement, staff headcount within the SPU in Wales is higher than that in the SU in Scotland. This needs to be considered in the context of the different objectives and patterns of work of each unit. The staff of the SPU in Wales represented 0.5% of the total staff of the WAG⁶⁵ but this included a number of staff who could be classified as working on delivery issues rather than strategy development. If an adjustment was made for this it appears that the numbers employed in the CPSCU in each of the administrations is similar when expressed as a percentage of the total civil service FTEs.

⁶⁴ The structures in place for the delivery of policy and public sector reform are rather more complex but the key point is that such structures have always been separate from strategy development.

⁶⁵ 20 staff compared to a total staff FTE of 40-50 as at 31 December 2005, taken from http://www.civilservice.gov.uk/management/statistics/publications/xls/pses_q4_2005.xls

Despite the differences noted above, the most notable factor is the extent to which all administrations have adopted similar structures to underpin strategy development. This could be a function of the tendency towards increasing the power of the PM or FM through the use of centralising structures and enhanced resources. It could also be an outcome of a creeping institutional myth regarding the structure of organisations and the corporate HQ model. This myth seems to have taken hold in Whitehall and Scotland and to some extent amongst civil servants in Northern Ireland. In Wales, politicians appear not to have adopted this approach to organisational structure.

7.4.5 How does CPSC operate compared to other parts of government?

The purpose of CPSC has been identified as that of reducing uncertainty, developing creativity and collective learning in order to support the strategic choices that must be made by the PM/FM. Within that context, a range of factors can be identified across the four cases under review that contribute to the operation of the central units which may differ from those traditionally found within the civil service.

The use of evidence to support cross-cutting and large-scale policy review was identified by interviewees in all four cases as being a particularly important aim of their units although the extent to which it was actually used was acknowledged to be variable. Time and political pressures impacted on the ability of the units to make optimum use of evidence while political distrust of the perceived technocratic nature of evidence-based policy-making was also seen to be somewhat of a problem. The need to recognise political reality was highlighted by all four cases as important to ensure that their work remained relevant.

Related to the issue of evidence is that of political neutrality and independence of mind. While civil servants follow a code of neutrality that in effect means that they support the government of the day in the delivery of its policies, civil servants within a policy unit might be expected to display more independence of mind and to be more willing to challenge. Where outsiders form part of such units, a similar characteristic would also be expected. For units to challenge they need to be confident in their role and to have the support of their main sponsors, the PM/FMs. Throughout the four cases some tensions could be identified regarding the ability to challenge. In Whitehall, the production of independent think-pieces not commissioned by the PM or another Minister eventually created problems for the SU and for a period such work was not undertaken in public. In terms of day-to-day project work, publicly available outputs were carefully scrutinised by departmental civil servants and SAs who were often wary of critical or creative comments or recommendations resulting in detailed negotiations. However the production of the strategic audits presented objective

information in an easily accessible form that could act as a challenge. In Scotland, a similar situation arose with the publication of the 2006 strategic audit while a number of cross-cutting reports were not published as the contents were deemed too controversial. In Wales, the work of the SPU was more geared to supporting political objectives rather than offering independent challenges and, particularly latterly, tended to consist of supporting others to achieve aims and objectives. Finally in Northern Ireland, the PIU was unable to undertake large volumes of independent strategic work and, like Wales, acted in a supporting role to other departments.

The publication of challenging work can be a litmus test of how willing a government is to accept challenge. The PIU and PMSU has adopted a relatively open approach to its work but even so has needed to negotiate publication. The FSU operated in private and, consequently, raised a great deal of suspicion amongst parliamentarians and the media. The PU in Scotland started by publishing reports on its earlier work, but until the recent publications around the strategic futures work, the SU published little as Ministers were wary of public reaction and publication was not always approved. This attracted little public comment in parliament or the media as the unit had attracted very little publicity in the earlier years. In Wales, the unit also published selectively, but as its role changed this became less relevant. In Northern Ireland the PIU focused more of its attention on policy guidance published on the web.

Staffing arrangements for CPSC are traditionally different to the staffing arrangements found in the rest of the civil service. Partially for reasons of scale, the PMSU is the only unit that has made substantial use of secondees with a range of backgrounds and skills. A degree of reticence regarding secondees could be seen within the other administrations. As the civil service in Scotland, Wales and Northern Ireland adapted to new constitutional arrangements it is likely that there was some reluctance to bring in outsiders at the beginning as the civil service worked to develop a policy and strategy role for itself removed from its traditional administration role. In both in Whitehall and Scotland, and to some extent in Northern Ireland, there has been a relatively high degree of turnover amongst staff within the SUs. This, however, could be regarded as essential to assist in the development of new ideas and to enhance creativity. This has not been the situation in Wales where staffing has been more stable and possibly better suited to servicing some of the longer-term work undertaken by the SPU. The strategy units in Scotland and Wales have experimented with the positioning of SAs within and outwith the units whereas in Whitehall and Northern Ireland, political SAs have never formed part of the unit although in Whitehall expert advisers have played a key role. All the units in this review note that a range of strategic skills with the ability to take a longer-term view and to avoid being drawn into day-to-day political management are

required although the work undertaken by each unit is somewhat different so in fact a different range of skills might be appropriate.

Despite differences in resource availability and constitutional powers, the most surprising finding is the degree of similarity between the operations of the units at certain stages of their development. All have operated with a small permanent staff, all have adopted project-based approaches to their work, all have experimented with the positioning of SAs to maximise the benefits from their expertise and all have to some degree worked within the evidence-based paradigm.

Differences are also apparent. The use of secondees and experts from the outside, the degree of publicity accorded to the units and their work and the extent to which the units were expected to form a challenge to the government differed quite significantly across the four cases.

7.4.6 How can CPSCUs survive?

The features of a successful centralised policy analysis capacity are not easily identifiable. Senior officials in Scotland suggested that in the last 70-80 years of centralised policy-making in the UK, the current PMSU has come closest to success, possibly due to the close relationships between its head, SAs and the PM. Senior officials in the PMSU agree with the analysis that relationships with the source of power are the most important factor for success. The same senior officials also linked the lifecycle of the PMSU to the lifecycle of the government and its changing priorities and objectives. In other words, as the government's agenda changed it was necessary for the PMSU to change to remain relevant. The PMSU has successfully adapted to meet the requirements of a changing government, albeit at some possible cost to its own independence. Without this adaptation, it is unlikely that the unit would retain the support of the Prime Minister and would run the risk of closure or more substantial reinvention.

Parry (2003) notes that the Scottish Policy Unit did not initially operate as conceived due to the impact of SAs, different management rules and a lack of managerial control. However since then it is noticeable that the unit changed its objectives, personnel and structure in line with the changes in FM. This points to the importance of the style and concerns of the FM in shaping the current SU and raises questions concerning the existence of such units without support from the top. Like the PMSU, the Scottish SU has successfully adapted to meet the requirements of the FM and has evolved alongside the government lifecycle after some stalling earlier in its lifecycle.

In Wales, Davies (2002) commented that the original aim for the Policy Unit was for it to

‘serve the Assembly as a whole... If that Policy Unit were.... linking out into Welsh Universities, to Welsh industry, to Welsh local government, into the Welsh intellectual arena and looking for new opportunities for us, it would perform far different tasks from that it is currently doing. What it is currently doing is looking at the role of one Minister as compared to the role of another Minister to ensure that there’s consistency and as far as possible there is the development of a consistent and holistic approach. I don’t believe that that is the best use of the most high-powered policy research unit that we have in the National Assembly’.

Davies assessment of the early days of the SPU describes a system run by the centre to co-ordinate and control the operation of departments and other Ministers. Again changes in the unit’s focus and operations have come about with changes in FM. Unlike Scotland, however, the head of the unit has remained in post throughout by developing good relationships with the permanent secretaries and FMs. However the unit appears to have moved even further away from Davies’ aspirations as it is firmly embedded in the machinery of the civil service responsible for servicing committees and producing routine documentation. The SPU has not matched its lifecycle as closely to the government lifecycle as the units in Whitehall or Scotland and has not had the same degree of support from the FM in terms of maintaining a focus on strategic thinking. The recent announcement of the demise of the unit in its current format indicates the extent to which it has moved away from its original aims and the traditional role of a CPSCU.

Alongside changes in objectives, changes in staffing arrangements, reporting arrangements, output levels and publicity have occurred in all of the units over a relatively short period of time. This points to a need to experiment to find the right *modus operandi*. Unlike conventional government departments, which tend to be firmly rooted in historic developments, a civil service culture and a cautious incrementalist approach to policy, the SUs were put in place to act differently. They were to stand outside of civil service culture, to use new methods and to act creatively. At the same time they had to earn the respect and co-operation of civil servants, politicians and SAs to be successful. This is a difficult balancing act and one with which all of the units are continually engaged. A senior ex-official of the Scottish SU recently commented that the unit might have become too institutionalised within the civil service structure and therefore may have lost some of its original purpose, by not being sufficiently distanced and provocative. A similar view was expressed by a senior ex-official of the PMSU who expressed surprise that the unit was still in existence for very similar reasons. In Wales, staff within the unit noted its increasing bureaucratisation. In Northern Ireland, where the development of the EPU and the PIU has

been disturbed by the suspension of devolution, this element of capture by the rest of the civil service has not yet been experienced.

7.5 Reviewing the research hypotheses

Having brought together specific aspects of the operations of CPSC by reviewing the research questions, and having tracked the evolution of the governments and the CPSC in each of the administrations over the lifecycle, the research hypotheses can be revisited.

The first suggestion was that Mahony's (2000) elite power mechanism will enable the PM/FM to create CPSC within the current system of government if desired regardless of the existing structures or institutions in place. The four cases analysed appear to support this hypothesis. In each, CPSC was established and maintained as long as it suited the needs of the PM/FM. The support of the wider Cabinet was not shown to be essential in a system where the PM/FM is moving towards a presidential approach as demonstrated in Whitehall and Scotland. Conversely in Wales, a FM who wishes to adopt a Cabinet approach to government has less use of a SU and the unit was eventually abolished in its original form. The position in Northern Ireland cannot be judged at this point. In addition the attitude adopted by the PM and FM in Whitehall and Scotland towards the civil service, one of some distrust and perception of a need to reform, ensured that the SUs were supported even if the rest of the civil service machinery were initially at least uncomfortable with their presence. Again in Wales, the adoption of a less hostile approach to civil service reform did not set up the potential for such antagonism. In each case, however, the dominant influence was the style of the PM/FM rather than the wishes of the Cabinet or the existing structures of the civil service.

The second hypothesis concerns the potential for divergence offered by devolution. As already noted, the administration in Scotland has, in many ways, adopted a similar approach to CPSC as Whitehall while the administration in Wales is operating somewhat differently. Although it is difficult to position Northern Ireland, it would appear to be closer in operation to the Scottish model. However the position is somewhat more complex than appears on the surface. The need for policy analysis capacity and the development of an initial policy agenda was foremost on the minds of the original FMs of the DAs while Whitehall, having a clearer policy agenda, focused more on developing a command and control strategy. Initially at least this offered the prospect for real divergence in approach to policy analysis and possibly in policy prescriptions.

As identified in the lifecycle analysis above, each unit has moved through a number of stages of development aligned with the development of the government lifecycle and agenda and

the requirements of the leader. With the exception of Wales, the units have shown a tendency towards convergence in terms of their operations and structures except for the position of SAs who never appeared as actual members of the PIU, FSU or SU in Whitehall although arguably the position of certain advisers such as John Birt was just as influential as those actually employed within the Scottish or Welsh policy units. In terms of content, the work of the units has differed substantially although with the move towards strategic audit and developing strategic capability rather than undertaking policy projects, there is a move towards greater convergence.

However the one responsibility all four units can claim is that of spreading a specific attitude to policy-making, sharing good practice and supporting policymakers in their departments. The sharing of ideas through the Strategy Forum and Strategy Networks, the visits and meetings between senior staff and the use of the Whitehall strategy survival guide by an audience outside of Whitehall is likely to influence the work of all of the units. This role, which is still developing, is where the units may future impact most significantly on the convergence or divergence of policy analysis processes, findings and outcomes.

The third hypotheses contained in Chapter 2 concerned the nature of lifecycles. In section 7.3 above, the evolution of the lifecycles of the four cases is analysed. This shows that at different stages of government, different resources are needed by the PM and FM and CPSC must change to meet those needs. Different lifecycle phases require different outputs and hence CPSC must display different structures, approaches and capacities. Otherwise CPSCUs risks becoming less relevant.

The final hypothesis concerns this notion of change. CPSC must continually change to survive, otherwise it will be subject to civil service 'capture', losing its uniqueness and *raison d'être*.

As elaborated in Section 7.4.6 above, as the units developed, they have changed to suit the leadership style and direction provided by the PM or FM. To date they have displayed little independence in undertaking work that might challenge current policy priorities apart from the SU in London which quickly found itself in difficulties when attempting to undertake independent work. Instead the work of the units has been driven by the requirements of the PM/FM, and their ability to retain independence is slowly eroding.

Since their inception the policy units of the DAs have been at times embroiled in short-term political management issues around presenting the public image of the administration and servicing internal committees rather than sticking to their original remits. This has the effect of decreasing the analytical capability of the units and the possibility of their involvement in

new policy development. It also has a more subtle effect of binding the units closer to the routine business of the civil service, thus reducing the perceived aura of difference necessary for them to retain a creative edge. This would appear to limit their impact on direct policy development. In Scotland the SU has, to some extent, moved on from this position by adopting a new structure and new objectives whereas in Wales the capture of the unit is so complete that it no longer exists in its previous SPU format.

7.6 Applying new approaches to move beyond NPM

The results of this research present some interesting findings. It highlights the fluidity of the impact of agency in the form of political leadership and structures in the formation of the institutional arrangements put in place for CPSC. It demonstrates the place of political leadership and the impact of leadership style on the operations and processes found in central strategy units. It also highlights the changing nature of modern political leadership and the shift towards a more presidential style based on relationships rather than formal powers. The nature of leadership is also affected by the diminishing importance of traditional ideologies and the adoption of a technocratic approach to governing based on 'evidence' and the taking of ideas from other organisations and structures such as private corporations. The adoption of a corporate approach to government raises questions around the place of traditional Cabinet government and ideology. It also raises issues about timing, lifecycle and the staying power of leaders. The lifecycle model applies to the individual leader alongside the government and the CPSCUs. The leader changes, adopting different strategies to suit the ongoing development of the government in power. One leadership style or one set of leadership resources will not be sufficient to maintain a leader in position. To date literature on leadership models of government have tended to treat the leader as a static entity that adopts one model or another or is 'fitted into' one or another existing set of structures (see for example, Rose (2001), Hennessy (2000) and Foley (2000)). This research points to a more complex model whereby the leader must be flexible and capable of change to maintain success in an evolving government. Failure is likely to occur when this ability to change is lost.

Tracing the development of CPSC across the four case studies in this research identified patterns of government akin to an organisational lifecycle. This is not surprising; as government terms of office lengthen, one would expect to find some pattern of change in a government between winning its first election and losing its last election. Passing through the phases is a deterministic process for the government; such movement is inevitable. Responding to the government lifecycle with a lifecycle of its own requires the CPSCU to

remain in tandem with the prevailing phase of the government lifecycle or to lose its purpose and become redundant. Unless it shows a constant capacity for change, it also runs the risk of marginalisation as the government moves on. Even if it changes to match government lifecycle changes, CPSCUs is likely to eventually move towards 'capture' whereby the work of such units become so much a part of the ongoing bureaucracy of the civil service that they lose their unique character. At this stage reinvention is necessary if the government wishes to maintain CPSCUs with some degree of independence. The phases of the lifecycle, their characteristics and the current positioning of each of the four administrations under review help to explain the development of CPSC and to help us to, perhaps, predict future developments in UK government. It also helps explain what commercial organisations have long known – to thrive you must reinvent yourself. The adoption of a business model appears very appropriate in the context of the ongoing reference to New Public Management (NPM) by many commentators on government (see for example, Marsh et al (2003), Parry and Jones (2000), and Pollitt and Bouckaert, (2000)). While the existence of NPM has been debated and contested for many years, existing literature fails to move much beyond the traditional definitions of NPM as target setting, contracting and a lack of respect for a public sector ethos. However management in the private sector has moved on from this primarily 1980s model, and the role of strategy and longer-term planning coupled with the need for reinvention to meet the changing environment is now recognised as the way forward for many businesses. Therefore the adoption of a lifecycle model to explain the evolution of government and its structures may help to move the public administration debate on from endless reappraisals of the role of NPM to examinations of the development of management outwith government and how it is impacting on government.

Strategy emerges from this research as an overused and under-defined concept. However it has clearly become somewhat of an institutional myth and has entered the organisational culture of UK government as the way to deal with complexity, achieve coherence and provide the perception of a situation under control and 'tidy'. The move away from traditional ideologies and the NPM model adopted by previous Conservative governments has opened the door for the creation of the 'strategic state'; a model of governing based on a modern corporation, more Bill Gates than Bill Clinton. This expands the argument of the previous paragraph as a strategic state recognises the passage of time in a defined cycle and the need to change and adapt while also engaging in longer-term futures scanning. Taking together the findings of this research around the stages of the lifecycle and the use of strategy as an ill-defined concept, it should be possible to develop a new model of the overall workings of government that combines elements of the traditional Westminster model, NPM

and various views on governance to elaborate an organising framework if not a fully fledged model.

Finally devolution itself offers up some interesting propositions. The overriding message is that constitutional powers are not what drive divergence or change. Despite earlier comments from observers, the superior pre devolution policy experiences of the Scots compared to the Welsh has not resulted in greater divergence in terms of operating processes. It might be speculated that strong, visionary leadership is a more relevant factor than institutional or structural histories and processes. In terms of strategy development the presence of coalition governments has forced the production of explicit statements of intent in order to combine manifestoes although this does not appear to have had a significant impact on the development of strategy or on divergence in terms of central processes and structures. However this view on devolution is not in itself static. As the position of the political parties in different parts of the UK change, constitutional powers may become more important and the urge to adopt diverging institutions and processes may grow stronger. Such developments will underline the applicability of the lifecycle model as an explanatory or even a predictive tool of what might happen as different administrations seek to find alternatives approaches to governing as this research shows that the model operates in a rather deterministic manner and very likely impacts on all governments.

7.7 Looking to the future

This final section of the chapter looks at two issues that will impact on the ongoing use of strategy and the place of CPSC within government. The first of these concerns the place of strategy in government and the identity of the future strategists. The second concerns political developments and their more immediate impact.

7.7.1 The future of strategy and the strategists

The language and practice of strategy appears to have found a firm place in the government of all parts of the UK polity despite the asymmetric powers in place. In general a business or managerial approach is used to develop such strategy, although Wales offers an exception due to its greater reliance on traditional ideological approaches to government. In the absence of ideological battles, modern governments need to find some way of articulating an overall set of values and objectives that rises above lists of abstract policy promises. Strategy is one answer to this dilemma. Strategy has the capacity to keep government focused on key issues and to remind government departments of their primary functions. Without the ability to periodically take a strategic look at their activities, government departments can tend to

slowly gather up a growing range of responsibilities, policies and targets and can lose sight of their main objectives⁶⁶.

Finding a way to develop long-term strategy while also responding to short-term political crises will always create tensions. New approaches to strategy development balancing short-term and long-term agendas, policy and delivery and centralisation and decentralisation must be developed if strategy is to remain a useful tool for government. CPSC in some form has established itself as an essential part of the strategy development process.

One of the key factors impacting on the success or otherwise of strategy for government is the ability of governments to access expertise in developing strategy and the intellectual resources available to government in each of the administrations studied. In Whitehall in particular, the role of individuals with backgrounds outwith government in providing strategic advice has come under scrutiny. Increasingly the government is appointing expert advisers in specific fields to work with permanent civil servants when developing strategy (MacDougall and Parry, 2005). These 'expert' advisers are not traditional political special advisers; they may come from the public or increasingly the private sector. Government is also appointing to senior strategic positions individuals from the private sector. Links with and secondments from the various think tanks are playing an increasingly key role in Whitehall, raising questions around the ability of a new intellectual elite to dominate strategy development processes in potential competition to civil servants, particularly interesting as the think tank community in London moves to the right⁶⁷. In Wales, Scotland and Northern Ireland this think tank community is still developing but new bodies such as the Scottish Parliament Futures Forum show that there is some appetite for alternative policy elites to become involved in strategy development. This raises questions around the continuing role of the civil service and internal CPSC.

7.7.2 Political developments

This thesis and the underlying research has analysed developments from the ascendancy of the Blair government and the establishment of the DAs to the end of June 2006. This date does not mark the end of CPSC and was chosen simply as an appropriate cut-off point to assist drafting. Developments in the future will test further the resilience of the CPSC in place and the relative influence of lifecycle, and leadership and structure versus agency.

⁶⁶ Arguably this could be one of the reasons for the 2006 crisis in the Home Office which had gradually gathered such a diverse range of activities of differing importance that it lost sight of its main strategic goals.

⁶⁷ A development pointed out to me by C.Jeffery.

While political speculation concerning happenings in the remainder of 2006 and 2007 is attractive given the forthcoming DA elections, the leadership battle in Whitehall that commenced in earnest in September 2006 and the deadline set for the re-establishment of devolution in Northern Ireland, it is also too speculative to explore here the ‘what ifs’ of the next 18 months. However, a number of points can be made.

In Westminster, there will be a change of leader by the next election; in Scotland and Wales there will be elections that might result in a change of government for the DAs and in Northern Ireland devolved government may or may not return. All of these significant events offer the possibility of exploring whether the lifecycle of CPSC continues on from where it was positioned at June 2006 or whether significant change take place. They should add to our understanding of the phases of the government lifecycle and, in particular, what constitutes the start and end of a new lifecycle.

7.7.3 Research possibilities

This thesis raises a number of issues that merit further research. A number of directions of investigation can be identified: the use of CPSC as an indicator of further developments in the organisation of government; further international comparisons; the impact of various stakeholders on strategy development; the maintenance of governments and their optimum lifecycle; the link between the electorate and strategy; and empirical testing of different approaches to strategy development and implementation. Each is considered briefly below.

The adoption of CPSC may be one indicator of a more profound changing model of government. The insights gained through this analysis of CPSC within the UK polity can be used to raise some bigger questions regarding the prevailing models of government in the UK. Is it possible to use CPSC and approaches to strategy development as a lens through which to look at existing models of government and to consider the features of a new ‘strategic state’ model? Or does the development of CPSC add to the empirical evidence supporting one of the existing organising perspectives?

International cross-country comparative research looking at strategy setting would add to the available knowledge in this area. Currently, UCL are undertaking research funded by Bertelsmann examining looking at this area. At the same time the Public Administration Select Committee is carrying out an enquiry into ‘Governing the Future’ looking at government strategy setting. Hence this is a highly topical area and likely to attract funding for future research.

As alluded to above, the role of different stakeholders in strategy development is fluid at present and constantly evolving. This raises questions around the role of the civil service and the skills and competencies required to develop strategy. It also returns to the age-old questions of civil service neutrality.

In general, the issue of the maintenance of governments deserves further consideration. This could include a more in-depth examination of government lifecycles and some initial mapping of the optimum length of time that a government or a PM should stay in power. In business models it is sometimes assumed that a leader has a finite lifespan after which change is required⁶⁸, is this true for politicians?

Another set of issues concerns the government as a corporate entity and governing using a technocratic approach in the absence of traditional ideologies. In the 21st century era of political ‘cross-dressing’⁶⁹, can government be run as a business with corporate approaches to strategy and delivery? The role of the electorate in such a technocratic future is unclear. The links between party manifestos and government strategies and the ability of politicians to act strategically needs to be better understood.

Finally, does strategy work? Is an evidence-based, logical, planned approach to strategy preferable to conviction-based ideologically driven strategy? The answer to this question needs to be tested through case studies examining the development of strategy and implementation of strategy in particular areas and how this links to the achievement of government goals.

⁶⁸ Interestingly corporate governance rules require directors of quoted companies to retire after a specified period of time.

⁶⁹ The phrase used by Blair in a speech given in San Francisco in July 2006 to describe the fluidity of policy transfer between ‘left’ and ‘right’ wing parties in modern politics. Blair noted that ‘... on policy the cross-dressing is rampant and is a feature of modern politics that will stay. The era of tribal political leadership is over.’

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Appendix 1 Glossary

CMPS	Centre for Management and Policy Studies
CPSC	Central Policy and Strategy Capacity
CPSCU	Central Policy and Strategy Capacity Unit
DA	Devolved Administration
DETR	Department of Enterprise, Transport and the Regions
DfES	Department for Education and Skills
DfID	Department for International Development
DFM	Deputy First Minister
DfT	Department for Transport
DoH	Department of Health
DTI	Department of Trade and Industry
DWP	Department of Work and Pensions
DU	Delivery Unit (Scotland)
ELLD	Enterprise and Lifelong Learning Department (Scotland)
EPPSD	Economic Policy and Public Service Directorate (Northern Ireland)
EPU	Economic Policy Unit (Northern Ireland)
FM	First Minister
FSU	Forward Strategy Unit (Whitehall)
GCSRO	Government Chief Social Researcher's Office (Whitehall)
MG	Management Group (Scotland)
MGSSU	Management Group Support Staff Unit (Scotland)
MLA	Member of the Legislative Assembly (Northern Ireland)
NAW	National Assembly for Wales
NIA	Northern Ireland Assembly

NICS	Northern Ireland Civil Service
NIO	Northern Ireland Office
ODPM	Office of the Deputy Prime Minister
OFM	Office of the First Minister (Wales)
OFMDFM	Office of the First Minister and Deputy First Minister (Northern Ireland)
OPS	Office of the Permanent Secretary (Scotland)
OPSR	Office of Public Service Reform (Whitehall)
PASC	Public Administration Select Committee
PIU	Policy Innovation Unit (Northern Ireland)
PIU	Performance and Innovation Unit (Whitehall)
PM	Prime Minister
PMDU	Prime Minister's Delivery Unit
PMSU	Prime Minister's Strategy Unit
PSA	Public Service Agreements
PU	Policy Unit (Scotland)
SA	Special Adviser
SDA	Service Delivery Agreement
SDU	Strategy and Delivery Units (Scotland)
SE	Scottish Executive
SECD	Strategy, Equality and Communications Department (Wales)
SPU	Strategic Policy Unit (Wales)
SU	Strategy Unit (Scotland)
WAG	Welsh Assembly Government
WO	Welsh Office

Appendix 2 – Chronology of Strategy Unit formation and development

Year	Whitehall	Scotland	Wales	Northern Ireland
1998	PIU established	MGSSU established pre-devolution	SPU established	
1999		PU derives from the MGSSU		EPU established
2000				PIU established
2001	FSU established			
2002	PIU, FSU and policy studies directorate of the CMPS merged to form the SU		Reporting line changed from the Permanent Secretary to the a new Cabinet Department	Assembly suspended
2003	Beginning of Departmental Strategy Units	Creation of the SDUs, two units with one head, from the PU	Reporting lines changed to the Senior Director, Policy pre election and to the head of the Directorate of Strategy and Communications and to three different Ministers	
2004	Establishment of Strategy Forum and Strategy Network			
2005				
2006		Separation of the SU and DU with different heads	Abolition of the SPU	

Appendix 3 – Meetings with Heads of Department

This schedule was used for the initial meetings at each of the four units under review. It was e-mailed in advance of each meeting.

1. History of the unit
2. Current role, aims and objectives of the unit
 - What are the main objectives of the unit?
 - Have the objectives of the unit changed over time?
 - What sort of work does the unit carry out on a day to day basis?
3. Staff resources
 - What are the current staff resources available to the unit?
 - Does the unit use secondees or staff on fixed contracts from other parts of the civil service or outside?
 - What is the role of special advisers in relation to the policy unit?
4. Financial resources
 - What level of financial resource is available?
 - Is this adequate?
5. Work of the unit
 - What are the units' priorities?
 - How were these established?
 - Who 'commissions' work?
6. Methodology
 - Does the unit have a standard approach to its work?
 - Has it embraced the concept of evidence based policy?
 - How important is consultation in the work of the unit?
 - How does the unit measure the success of its work?
7. Outputs
 - What are your most recent publications?
 - Does output usually consist of reports or does the unit produce other material (e.g. speeches, briefing papers)?
 - Is all your output published?
8. Policy issues
 - What are the main policy issues of interest to the unit?

- What is the balance in your work between short-term policy development and longer-term strategic review of emerging policy issues and between local issues and issues of relevance to all Western governments?

9. Relationships

- What are the reporting lines for the work of the policy unit?
- How is policy unit work disseminated throughout government?
- What sort of relationship does the unit have with other administrations (e.g. Wales etc.)?
- How does the unit relate to the wider policy community?

For interviews in Scotland, Wales and Northern Ireland

10. The establishment of post devolution policy-making structures

- Inclusive or centralised
- Modelled on Whitehall or distinctive
- Transparent or opaque
- Generally accepted or resistance from officials or politicians

11. Policy direction

- The main issues of concern in Scotland/Wales/Northern Ireland
- Main differences between local political priorities and those of Westminster
- Relationships between central units and the rest of the UK